

Even beyond death, Hope holds out its promise. So do we follow on through the inexplicable labyrinth of life. Footsore and weary though we be, we must travel bravely on.

We know that sometime we shall enter into the deeper puzzle of the Realm of Silence, and when that hour arrives the messenger of the Shadowy King, clothed in the glorious garb of Hope, will take us by the hand and lead the way. But while we remain to tread the tortuous paths and the life-soul hungers for human things, it shall not be always in vain.

Above all, learn to forget. Forget the wrong, but be wary of he who inflicted it. Do not hate. It will give you more worry than the object of it. Forget all that is useless. It is the discarding of the dross of life, the casting aside of used timber to make way for the new.

Our lives should not be overcast by gloom of the past or future. Neither possesses the substance of the present. Both are mere reflections. The past should reflect the light of pleasant memories upon the present, and contemplation of the future should shed its rays of hope upon our to-day.

There is no shadow without light. Turn yourself around.

Disposing of yesterday as material only for pleasant meditation, center your mind upon to-day as the sole period of your activities. Resolve that you will absorb only the good and will discard the bad.

Having been loyal to resolution, lie down at night and sleep, gathering from the peace of slumber new vigor for brain and body. Sleep is the anodyne of tribulation. In the darkness of your chamber do not call upon the mind to see that which the eye can not.

Fortified in your endeavor by this valiant aid, don the armor of High Resolve and fare forth to the battlefields of life ready to receive or give blows in the conflict. It is childish to wish for triumph and fear defeat. It is cowardly to take winnings and whimper at losses.

Put the bricks on the wall to-day where, according to your best judgment, they should be. If the future brands your labor as error, still forget, still endeavor. Put aside puerile self-condolence for real or imaginary misfortunes. It is sufficiently weakening to have friends sympathize with us, but much more so when we sympathize with ourselves.

When you pity yourself, look about you and see the brave smiles upon the faces of those who have met with a fate worse than yours. There are millions of other human souls whose unsatisfied desires are as your own.

Bear in mind, Fate may be friend as well as foe. The condition which you worry about may be a kindly circumstance in the plot to be yet unraveled. There are other pages in the book of life which you have not read.

We must pay. Eternal Justice will keep a fair account, and we shall also be paid. For every pain we shall receive a joy, and they will be fairly measured.

Our accounts must balance in the great summary of deeds of kindness, of pleasant words, of selfishness, of intolerance.

Memory should be a golden cord, glimmering back to the vanished hours, connecting our hearts with the smiles of loved ones, with the exaltations of success, and the joy of conquered obstacles.

Forget the losses, the dark and rugged road, the storms, disappointments, and failures. Drive them from your mind into oblivion. Say unto them, as you would say to Satan: "Get thee behind me!"

Surely, my friends, the sentiments which I have just read, and of which Congressman BATHRICK was the author, are sentiments to which all of us can subscribe. To him a creed or a ritual would mean but little. But a broad faith in fundamentals, a belief in God and his fellowmen, practicing charity, dispensing cheer, building up hope, he presents a character based upon a firm and safe foundation; and I can testify that in his life he exemplified the sentiments he proclaimed. I shall remember ELLSWORTH R. BATHRICK as a courageous, able, sincere, manly man, a conscientious and honest public servant, a loyal and patriotic citizen, and a true friend. His death is his own victory; the loss is ours.

What is Death? 'Tis to be free!
No more to love, or hope, or fear—
To join the great equality.
All alike are humble there!
The mighty grave
Wraps lord and slave;
Nor pride nor poverty dares come
Within that refuge-house, the Tomb!

Mr. SHERWOOD. Mr. Speaker, ELLSWORTH R. BATHRICK belonged to that class known as self-made men. His educational qualifications were in the common schools, the high school, and the commercial school. Like all self-educated men, he was thoroughly practical and thoroughly imbued with that knowledge that counts best in the business and commercial world. During his three terms in Congress, Mr. BATHRICK made a record as a capable and successful Member and accomplished results in valuable and vital legislation not excelled by any Member of equal service since the Civil War.

It is conceded that a college education is a help to a public man, but not a necessary help to the highest achievements, either in law, legislation, or the broad domain of civics. To illustrate, George Washington, the foremost general and statesman in the epoch of the War of the Revolution, was very moderately educated. Gen. Grant, who, in his time, was the foremost man of all the world, was only moderately educated, except as a cadet of West Point Military Academy. Gen. Jackson, born in poverty and poorly educated, was twice President and the foremost man of two generations. Henry Clay, born poor, self-

educated, was the foremost orator of his time and the idol of his party. Abraham Lincoln, born in a log cabin, who learned to read books at night by the light of a pine-knot fire, who in youth never saw the inside of a university, was the foremost statesman and the popular idol of his country.

This is a fitting time, on this sacred memorial day, to make the occasion an object lesson of value to the living.

Mr. BATHRICK's career as a young man, struggling against what seemed an adverse fate, should prove a valuable and a hopeful incentive to every poor young man with an ambition for an honorable career.

The brightest gleam of hope for the poor young man of to-day is the knowledge that the greatest men who have ever served or honored the high places of power in this Republic were born poor, with limited opportunities for a liberal education.

Few of Mr. BATHRICK's colleagues knew of his literary genius. That was because of his innate modesty. Let me tell the story, as it is fitting here.

About 25 years ago, when Mr. BATHRICK was a reporter on a Cleveland newspaper, he wrote the text of a very beautiful children's story, but was dissatisfied with it, and in his youthful modesty threw it into a trunk with a number of other papers; and there it lay for all these years until a couple of years ago, when he found it in looking over the accumulations in the trunk. He showed it to a friend jokingly, remarking about his literary ambition as a youth. His friend, however, was interested, and reading the manuscript was at once impressed with the beauty and literary merit of the story, and urged that he submit it to a publisher. Mr. BATHRICK was inclined to laugh away the idea, but the friend persisted, and, to oblige him, Mr. BATHRICK sent it to a New York publishing house. Shortly thereafter he received a letter highly commending the manuscript and suggesting a revision and expansion with the view to publishing it as a book. Mr. BATHRICK's health at that time was poor—this was during his first term in Congress—and he improved the opportunity afforded by a winter in Florida, where he was seeking to recover his health, in rewriting and supplementing the story. It was then sent to the publishing company, accepted, and only recently was published in book form. Mr. BATHRICK derived more real pleasure from this achievement, he confided to his friends, than from any success he had achieved in business or in politics. The story was a delightfully imaginative one, such as might honor the pen of Hans Christian Andersen or any other creator of those delightful children's stories.

For the above I am indebted to Mr. Carl D. Ruth, an accomplished Washington journalist and correspondent.

To write a successful children's story requires deep sympathy and kindly humane instincts. Our departed friend had these commendable qualities, added to an alert mind, a courageous determination to do his duty to his constituents, coupled with high practical ideals—all learned in the rugged school of experience.

On this sacred Sabbath day, in this historic Chamber, let us consecrate ourselves to that fervent patriotism, that high purpose to serve the people we are honored to represent with the fidelity and courage which characterized our departed friend—a colleague whose friendship added to our joys of living and whose example and character give us hope to achieve the best ideals in popular government.

ADJOURNMENT.

The SPEAKER pro tempore. In accordance with the resolution heretofore adopted the House will stand adjourned.

Accordingly (at 1 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Monday, February 11, 1918, at 12 o'clock noon.

SENATE.

MONDAY, February 11, 1918.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, the Father of our spirits, the Author of every good and perfect gift, with Thee we have to do, for Thou art the Judge of men, and our lives and destinies are in Thy hands. We recognize Thee; we acknowledge Thee to be the Lord. We pray that according to the precious promise of Thy word Thou wilt direct our steps. For Christ's sake. Amen.

The Vice President being absent, the President pro tempore [Mr. SAULSBURY] assumed the chair.

The Secretary proceeded to read the Journal of the proceedings of Friday last, when, on request of Mr. VARDAMAN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the joint resolution (S. J. Res. 128) granting to certain persons in the active war service an extension of time within which application for insurance may be made under section 401 of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917.

The message also announced that the House agrees to the amendments of the Senate to House concurrent resolution 33, providing for the printing of extra copies of the Income-Tax Primer for the use of the Senate and House of Representatives.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 9314. An act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919;

H. R. 9506. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and certain soldiers and sailors of wars other than the Civil War and to widows of such soldiers and sailors;

H. R. 9612. An act granting pensions and increase of pensions to certain soldiers' and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 9641. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and certain soldiers and sailors of wars other than the Civil War and to widows of such soldiers and sailors.

The message also announced that the House had passed a concurrent resolution providing that the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them, in which it requested the concurrence of the Senate.

ENROLLED RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed the enrolled joint resolution (S. J. Res. 128) granting to certain persons in the active war service an extension of time within which application for insurance may be made under section 401 of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917, and it was thereupon signed by the President pro tempore.

JOINT MEETING OF THE TWO HOUSES.

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution (No. 35) of the House of Representatives, which was read:

Resolved by the House of Representatives (the Senate concurring). That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

Mr. MARTIN. I move that the Senate agree to the concurrent resolution of the House of Representatives.

The concurrent resolution was agreed to.

PETITIONS AND MEMORIALS.

Mr. McCUMBER. I present a resolution from the North Dakota Branch of the Association of Collegiate Alumnae, which I ask may be printed in the RECORD without reading. It is very short.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

GRAND FORKS, N. DAK., February 2, 1918.

Senator PORTER J. McCUMBER,
Senate Office Building, Washington, D. C.

DEAR SIR: At the regular monthly meeting of the North Dakota Branch of the Association of Collegiate Alumnae, action was passed unanimously in favor of the Federal suffrage amendment, and the secretary was instructed to advise you of this action, which was as follows:

Resolved, That the North Dakota Branch of the Association of Collegiate Alumnae urge the Senate of the United States to pass the Federal suffrage amendment at this session of Congress in order to establish at home that democracy for which the men of this country have been called to fight abroad.

Resolved, That the North Dakota Branch of the Association of Collegiate Alumnae earnestly request that this resolution be presented to the Senate of the United States and that it be read into the CONGRESSIONAL RECORD.

The North Dakota branch urges you in particular, Mr. McCUMBER, to vote "yes" on the Federal suffrage amendment when it comes up for action in the Senate at this session of Congress, and also urges you to do all in your power to secure its passage in the Senate.

Will you please state what your attitude is in this matter and what you are willing to do for the passage of the Federal suffrage amendment at this session of Congress?

Very truly, yours,

MARY E. McCUMBER,

Secretary North Dakota Branch Association Collegiate Alumnae.

Mr. JONES of Washington. I have a telegram from the Central Labor Council of Tacoma, Wash., representing 16,000 workers, protesting against the action of the Committee on Agriculture and Forestry upon the Borland amendment. I move that it be referred to that committee.

The motion was agreed to.

Mr. JONES of Washington. I also have a telegram from D. C. Imrie, president of Federal Employees' Union No. 9, of Tacoma, Wash., expressing disappointment at the action of the Committee on Agriculture and Forestry upon the Borland amendment, and also a telegram from Henry A. Monroe, president of the Federal Employees' Union, of Seattle, urging the nonadoption of the Borland amendment. I move that the telegrams be referred to the Committee on Agriculture and Forestry.

The motion was agreed to.

Mr. PHELAN presented a petition of the Labor Council of San Francisco, Cal., praying for an increase in the salaries of postal employees, which was referred to the Committee on Post Offices and Post Roads.

Mr. THOMPSON presented a memorial of the Kansas Editorial Association, of Alma, Kans., remonstrating against any change in the present law relative to second-class postage, which was referred to the Committee on Post Offices and Post Roads.

Mr. MYERS presented resolutions adopted by the Commercial Club of St. Ignatius, Mont., favoring an appropriation of \$750,000 for work on the Flathead reclamation project, in that State, which were referred to the Committee on Indian Affairs.

Mr. TILLMAN. I present resolutions adopted by the Chamber of Commerce of Rock Hill, S. C., which I ask may be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Resolved: First. That the Chamber of Commerce of Rock Hill, representing the crystallized public opinion of this section of South Carolina, tenders to the President of the United States and those charged with the administration of public affairs, its sympathy in this time of profound national stress, its confidence in their ability and integrity of purpose, and pledges anew its loyalty to the Government of the United States and the great principles for which this world war is being fought.

Second. That the Hon. B. R. TILLMAN, the distinguished Senator from South Carolina, is requested to convey this expression of our sentiments to the properly constituted authorities at Washington.

Mr. LEWIS. I present a memorial from the Hungarian Union, of Illinois, pledging their loyalty to the Government, which I ask may be referred to the Committee on Foreign Relations.

The PRESIDENT pro tempore. It will be so referred.

LINCOLN AND DEMOCRACY.

Mr. LEWIS. Mr. President, while I am on my feet may I, sir, give notice that I purpose in the morning, after the end of the routine business, to deliver a short address upon Lincoln and democracy in commemoration of the day, it being Lincoln's birthday?

RAILROAD CONTROL.

Mr. KELLOGG. Mr. President, I give notice that on Wednesday, after the close of the business of the morning hour, if opportunity permits, I shall address the Senate on the subject of the railroad bill, now pending before this body.

REPORTS OF COMMITTEES.

Mr. CHAMBERLAIN, from the Committee on Military Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (S. 3299) authorizing the President to reappoint Maj. Chalmers G. Hall, retired, to the active list of the Army (Rept. No. 268);

A bill (S. 3433) requiring the Government to furnish uniforms to officers of the Army, and for other purposes (Rept. No. 256);

A bill (S. 3527) to amend an act entitled "An act to provide for the settlement of the claims of officers and enlisted men of the Army for loss of private property destroyed in the military service of the United States," approved March 3, 1885 (Rept. No. 257);

A bill (S. 3691) to provide for reimbursement of actual expenses or flat per diem for enlisted men of the Army traveling on duty under competent orders (Rept. No. 258);

A bill (S. 3693) to prescribe the personnel of the Army Nurse Corps, the qualifications for appointment and the method of

appointment therein, the pay, allowances, and leave of absence of members of said corps, and the conditions under which they may be retired (Rept. No. 259);

A bill (S. 3736) to provide for the payment of six months' pay to the widow, children, or other designated dependent relative of any officer or enlisted man of the Regular Army whose death results from wounds or disease not the result of his own misconduct (Rept. No. 260);

A bill (S. 3779) to create in the Army the grades and establish the pay of first-class bugler and corporal bugler, to increase the pay of buglers, and for other purposes (Rept. No. 261); and

A bill (S. 3780) to authorize the appointment of officers of the Philippine Scouts as officers in the militia or other locally created armed forces of the Philippine Islands drafted into the service of the United States, and for other purposes (Rept. No. 262).

He also, from the same committee, to which was referred the joint resolution (S. J. Res. 123) providing for the calling into immediate military service of certain classes of persons registered and liable for military service under the terms of the act of Congress approved May 18, 1917, entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States," reported it with amendments and submitted a report (No. 263) thereon.

Mr. MYERS, from the Committee on Public Lands, to which was referred the bill (S. 3797) validating certain applications for and entries of public lands, and for other purposes, reported it without amendment and submitted a report (No. 264) thereon.

Mr. GORE, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 9054) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1919, reported it with amendments and submitted a report (No. 267) thereon.

Mr. JOHNSON of South Dakota, from the Committee on Pensions, submitted a report (No. 265), accompanied by a bill (S. 3798) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and of wars other than the Civil War, and to certain widows and dependent relatives of such soldiers and sailors, which was read twice by its title, the bill being a substitute for the following Senate bills heretofore referred to that committee:

S. 73. Abel H. Hall.
S. 139. Frankie Esselstyn.
S. 197. Samuel Breitigan.
S. 240. Edward Sweeney.
S. 331. Arthur Rose.
S. 477. Lucie Kellogg.
S. 588. William P. Robinson.
S. 675. William D. Harrington.
S. 687. Fannie H. Maffitt.
S. 765. Minnie H. Wolf.
S. 882. Charles E. Sanders.
S. 912. John M. Dikes.
S. 981. James W. McKay.
S. 996. Adam S. Bridgefarmer.
S. 1174. Charles H. Ferriss.
S. 1177. Van Ogle.
S. 1242. Reuben Waller.
S. 1443. Thomas M. Woods.
S. 1526. George M. Spencer.
S. 1569. Katharine E. Bocoskey.
S. 1989. Thomas S. Millikin.
S. 2040. William C. Campbell.
S. 2138. William J. La Rock.
S. 2172. Allen Russell.
S. 2193. Oscar M. Dreifelbiss.
S. 2237. Edmund G. Thompson.
S. 2288. Joseph W. Gay.
S. 2391. Emmett W. Fitzsimmons.
S. 2424. Charles E. Matthews.
S. 2472. Martha R. Sutton.
S. 2492. Hildur M. Phillips.
S. 2572. Joseph M. Love.
S. 2586. Leander Thomas.
S. 2592. Isaac F. Allen.
S. 2744. James M. Fitch.
S. 2763. John Ferris.
S. 2955. Esther Shields.
S. 2981. Elizabeth K. Cottman.
S. 2988. Francis J. Kearney.
S. 3097. Simeon Ely.
S. 3342. John A. D. Tharp.
S. 3343. Wesley H. Dick.
S. 3424. Julia Burger.

S. 3500. Leander Johnston.

S. 3591. Laura C. Slack.

Mr. JOHNSON of South Dakota, from the Committee on Pensions, submitted a report (No. 266), accompanied by a bill (S. 3799), granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent relatives of such soldiers and sailors, which was read twice by its title, the bill being a substitute for the following Senate bills heretofore referred to that committee:

S. 136. Melvina Coquillard.
S. 243. Henry Wenzel.
S. 245. Samuel S. Wilson.
S. 253. George Leadbeater.
S. 266. Samuel H. Brooks.
S. 273. George W. Bass.
S. 325. Charles E. Wilcox.
S. 333. Adam Eckert.
S. 335. Albert Boon.
S. 384. Albert S. Greene.
S. 394. John Burns.
S. 496. Robert Liddell.
S. 506. Amos Dickinson.
S. 508. Henry A. Dayton.
S. 513. Theodore C. Bates.
S. 583. John W. Marks.
S. 586. Alexander Reed.
S. 617. William L. Swiger.
S. 658. Thomas J. Denny.
S. 672. George W. Grigg.
S. 683. William L. V. Kite.
S. 688. Daniel B. Mills.
S. 690. William O'Callaghan.
S. 703. John Wones.
S. 767. Frederick S. Webber.
S. 880. Jerome McWethy.
S. 1012. Mary L. King.
S. 1179. James Campbell.
S. 1235. Edward Patrick.
S. 1237. William H. Wyckoff.
S. 1280. Hugh S. Ryan.
S. 1356. Harvey Johnson.
S. 1375. Myron Gillmore.
S. 1391. Marion A. Babcock.
S. 1404. Benjamin F. Brock.
S. 1439. Loreta Blevins.
S. 1467. Hannah McAdams.
S. 1470. Ferdinand Fetter.
S. 1488. John W. Hoyt.
S. 1491. John B. Donaldson.
S. 1500. John E. Clark.
S. 1508. William H. Patterson.
S. 1518. Clifford A. Lewis.
S. 1614. Georgianna Thomas.
S. 1615. Thomas J. Gafford.
S. 1664. Sarah J. Briles.
S. 1826. John A. Wise.
S. 1831. Rosa Flake.
S. 1833. John M. Holmes.
S. 1834. John E. Rogers.
S. 1837. William S. Reed.
S. 1851. Augustus A. Clawson.
S. 1858. Wesley B. Reed.
S. 1860. Homer E. Benton.
S. 1866. Milton Laird.
S. 1883. Nathan H. Ellis.
S. 1899. Walter E. Ellis.
S. 1950. George Engleman.
S. 1992. Thomas V. Malone.
S. 2025. George W. Flagg.
S. 2042. Albert H. Wood.
S. 2048. Thomas McCarty.
S. 2055. Henry J. Edge, alias Jason Edge.
S. 2062. Andrew West.
S. 2065. William A. Bodine.
S. 2067. George D. Abraham.
S. 2074. Uriah G. Williams.
S. 2077. John C. Emery.
S. 2078. William H. Tripp.
S. 2085. Alonzo Pendland.
S. 2087. Thomas M. Johnson.
S. 2092. James S. Gray.
S. 2096. Isaac Wharton.
S. 2102. Increase E. Watson.
S. 2127. Mark Whitney.
S. 2135. John W. Stokes.

S. 2143. Melville N. Freeman.
 S. 2148. George C. Bonney.
 S. 2150. Algen S. Leach.
 S. 2153. William W. Findley.
 S. 2187. John Curles.
 S. 2198. George Wells.
 S. 2199. Derrick Huck.
 S. 2227. Seth Bailey.
 S. 2231. Abbie L. Lockwood.
 S. 2344. Irvin M. Hill.
 S. 2248. John W. McMillen.
 S. 2249. Bradford G. Ostrander.
 S. 2284. William A. Reeves.
 S. 2285. Fred Eneker.
 S. 2286. William Booth.
 S. 2292. George Campbell.
 S. 2304. William W. Daniels.
 S. 2306. William Behre.
 S. 2307. Charles F. Runyan.
 S. 2337. John H. Denny.
 S. 2365. Benjamin F. Sage.
 S. 2369. Watkin H. Jones.
 S. 2385. James Cummins.
 S. 2392. George G. Laughead.
 S. 2419. Scott Thompson.
 S. 2428. Samuel C. Howe.
 S. 2446. David I. Hain.
 S. 2450. Joseph T. Lewis.
 S. 2466. Lafayette Fasnough.
 S. 2498. John V. Reed.
 S. 2502. James M. Shuey.
 S. 2505. Harry M. Sherman.
 S. 2508. Henry Thomas.
 S. 2519. William J. Seals.
 S. 2520. Alexander D. Smalley.
 S. 2560. Emery O. Pendleton.
 S. 2561. Esburn Nutt.
 S. 2563. Freeman D. Myrick.
 S. 2565. Moses F. Hurd.
 S. 2569. William E. Hayden.
 S. 2577. Samuel McClure.
 S. 2578. Henry McClure.
 S. 2585. Michael O. Sullivan.
 S. 2613. Patrick Walton.
 S. 2621. Francis Mathews.
 S. 2630. Amariah K. Wheeler.
 S. 2636. Thomas J. Hargrave.
 S. 2647. George O. Pearl.
 S. 2664. Ina L. Murdock.
 S. 2680. Daniel W. Shawhan.
 S. 2689. Henry T. Snyder.
 S. 2707. George H. Fogg.
 S. 2720. Henry Lee Anderson.
 S. 2723. John Openchain.
 S. 2740. Seward Newton.
 S. 2743. Isaiah P. Watts.
 S. 2752. Edward Sams.
 S. 2815. Thomas G. Davison.
 S. 2828. Nancy Hackleman.
 S. 2832. John L. Rushton.
 S. 2842. Charles W. Wormell.
 S. 2847. Sylvanus Smith.
 S. 2855. George W. Hall.
 S. 2904. George W. Gilbert.
 S. 2909. McHenry Smith.
 S. 2915. John Acton.
 S. 2927. Adrian J. Hayward.
 S. 2930. Emma A. Hoskins.
 S. 2940. George W. Thompson.
 S. 2942. Milton N. Campbell.
 S. 2944. Isaac N. Stotts.
 S. 2949. William H. Woodward.
 S. 2952. Richard B. Daniels.
 S. 2953. Thomas Day.
 S. 2961. Jared Wheeler.
 S. 2963. George B. Gilbert.
 S. 2966. John H. Annas.
 S. 2976. Delos Neer.
 S. 2989. George Murray.
 S. 2990. Daniel H. Pettengill.
 S. 2991. Josiah C. Tandy.
 S. 2992. Addison S. Martin.
 S. 3005. James Churchill.
 S. 3012. Thomas Percival.

S. 3013. Joseph Martin.
 S. 3016. Angus C. Burns.
 S. 3017. Cornelius McGoff.
 S. 3020. Nathaniel Wilt.
 S. 3023. Joseph Smith.
 S. 3084. Theodore M. Burge.
 S. 3092. Carrie M. Smart.
 S. 3093. Hiram B. Newlon.
 S. 3094. John F. Brainard.
 S. 3095. Isaac D. Rowden.
 S. 3099. Edwin E. Baker.
 S. 3100. Enos S. Whitcomb.
 S. 3102. Chester R. Smith.
 S. 3118. Horatio P. Smith.
 S. 3134. Franklin Venable.
 S. 3135. William H. Capshaw.
 S. 3136. James H. Fontaine.
 S. 3137. Thomas Fulkerson.
 S. 3156. Michael H. Skinner.
 S. 3166. William J. Smith.
 S. 3167. John H. Bird.
 S. 3168. William White.
 S. 3169. Joseph P. Case.
 S. 3170. Washington Richardson.
 S. 3177. James Stuart.
 S. 3179. Edwin S. Metcalf.
 S. 3199. Daniel Vanscoy.
 S. 3238. Luther L. Rewalt.
 S. 3250. Margaret Dicks.
 S. 3318. Benjamin F. Morse.
 S. 3349. James M. Widener, alias James W. Foster.
 S. 3350. William H. Isenberg.
 S. 3351. Thomas K. Hastings.
 S. 3361. William W. Thurston.
 S. 3398. William W. Gordon.
 S. 3407. John Dewire.
 S. 3421. James M. Millrons.
 S. 3447. George L. Danforth.
 S. 3463. Chester S. Pease.
 S. 3499. John D. Swift.
 S. 3501. Theodore Routh.
 S. 3502. Elisha D. Turner.
 S. 3503. Arnold Bauer.
 S. 3507. Sylvester Oatman.
 S. 3565. Imogen P. Ingersoll.
 S. 3568. Wilford Herrick.
 S. 3581. Henry Newell.
 S. 3592. George Crawford.
 S. 3593. Lulu M. Joseph.
 S. 3655. Charles D. Hanscom.

RAILROAD CONTROL.

Mr. CUMMINS. I present my minority views (S. Rept. 246, pt. 2) upon Senate bill 3752, commonly known as the railroad bill, and ask that they be printed.

The PRESIDENT pro tempore. That order will be made.

BILLS INTRODUCED.

By Mr. CHAMBERLAIN:

A bill (S. 3800) to provide for restoration to their former grades of enlisted men discharged to accept commissions, and for other purposes;

A bill (S. 3801) to amend section 8 of "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917;

A bill (S. 3802) authorizing appropriations made for the national security and defense to be used for the purchase of real estate, or the use thereof, when such purpose is not specifically stated in said appropriations; and

A bill (S. 3803) authorizing the President during the existing emergency to sell war supplies, materials, and equipment heretofore or hereafter purchased, acquired, or manufactured by the United States; to the Committee on Military Affairs.

A bill (S. 3804) to provide for the regulation of stock-yards, corrals, and other places where animals are collected or exhibited for public sale, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. SMITH of Georgia:

A bill (S. 3805) to establish engineering experiment stations in the States, Territories, and the District of Columbia in connection with State supported universities or engineering schools for the promotion of engineering and industrial research as a measure of industrial military, and naval preparedness in times of peace or war; to the Committee on Education and Labor.

By Mr. McCUMBER:

A bill (S. 3806) conferring jurisdiction on the Court of Claims to permit the Yankton and Cuthead Bands of Sioux Indians to intervene in the action of the Sisseton and Wahpeton Bands of Sioux Indians against the United States (Docket No. 33731) and to hear, determine, and render judgment in said action in claims of Yankton and Cuthead Bands of Sioux Indians against the United States; to the Committee on Indian Affairs.

By Mr. THOMAS:

A bill (S. 3807) to appoint Col. D. L. Howell a brigadier general on the retired list (with accompanying papers); to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 3808) to amend an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1918, and for other purposes"; to the Committee on Post Offices and Post Roads.

By Mr. GALLINGER:

A bill (S. 3809) granting an increase of pension to Elijah C. Lawrence (with accompanying papers); to the Committee on Pensions.

By Mr. SUTHERLAND:

A bill (S. 3810) granting an increase of pension to Edward A. Hamner to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 3811) granting an increase of pension to Matthew W. Clark (with accompanying papers); and

A bill (S. 3812) granting an increase of pension to Edward A. Rowley (with accompanying papers); to the Committee on Pensions.

By Mr. FERNALD:

A bill (S. 3813) granting an increase of pension to Thomas B. Wiggin, jr.;

A bill (S. 3814) granting a pension to Clarence M. Smith (with accompanying papers);

A bill (S. 3815) granting a pension to Philomene Dawley (with accompanying papers);

A bill (S. 3816) granting an increase of pension to Andrew J. Martin (with accompanying papers);

A bill (S. 3817) granting an increase of pension to Charles J. Higgins (with accompanying papers);

A bill (S. 3818) granting an increase of pension to James J. Hamilton (with accompanying papers);

A bill (S. 3819) granting an increase of pension to Lydia Wixon (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 3820) granting an increase of pension to Charles F. Marble; to the Committee on Pensions.

RAILROAD CONTROL.

Mr. CUMMINS submitted five amendments intended to be proposed by him to the bill (S. 3752) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes, which were ordered to lie on the table and be printed.

ADDITIONAL MESSENGER.

Mr. NELSON submitted the following resolution (S. Res. 204), which was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Sergeant at Arms of the Senate be, and he hereby is, authorized and directed, on and after the 4th day of March, 1918, to place on the Senate rolls a messenger for the minority at the rate of \$1,200 per annum, to be paid from the miscellaneous items of the contingent fund of the Senate until the 1st day of July, 1918.

LOCAL RESULTS OF PROHIBITION.

Mr. JONES of Washington. Mr. President, I have a short statement from the Washington Star with reference to local results of prohibition. It is not a discussion of any particular proposition, but a statement of the facts as shown by the record of the first three months of prohibition in the District of Columbia. I ask that it may be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows.

LOCAL RESULTS OF PROHIBITION.

Local prohibition has now been in force for three months, and the effect has already been noticeable in a diminution of the cases brought before the police court, according to figures compiled at police headquarters. These statistics show a decrease in arrests not only for intoxication but for offenses which often grow out of the use of intoxicants. Comparing the first three months under prohibition with the corresponding period of a year previous, the results are striking. There were in that time 1,664 fewer arrests for drunkenness under the Sheppard law than before it went into effect, 2,406 having been made during the "wet" November, December, and January and only 742 during the dry period.

But the most significant effect of the new condition appears in the comparison regarding arrests for offenses other than intoxication. Cases of disorderly conduct fell from 829 to 337 in this period, a reduction of 552; cases of assault fell from 423 to 205, or 218 less; house-breaking cases were reduced by 85—from 156 to 71; cruelty to animals caused 148 arrests before the "dry" law went into effect and only 77 afterwards, a reduction of 71; cases of carrying weapons fell from 47 to 39, or 8 less. The total reduction of arrests under these five headings is impressive—from 1,603 in the three months a year ago to 719 under prohibition, or 884 less. Combining all cases—intoxication and offenses often attributable to it—the result is a convincing showing of betterment—4,009 arrests under the "wet" conditions and 1,461 under the "dry" law, or a reduction of 2,548.

Considering that each arrest means work for the police, work for the court, and usually work for the custodians of those sentenced to imprisonment, and that each arrest also means loss of employment, loss of wages, and suffering for families, the net gain to the District economically is tremendous. Life and property are undoubtedly safer under the present conditions than before. If traffic in intoxicants from Baltimore were cut off, this showing on all counts would without question be much better. As it is Washington is distinctly the gainer through the enforcement of the Sheppard law.

HOG ISLAND SHIPPING PLANT.

Mr. VARDAMAN. Mr. President, it is my judgment, and I think my views are shared by every thoughtful American in or out of Congress, that the matter of most important and vital concern to this Republic at this time is the building of ships. To furnish the necessary supplies to sustain our allies in this war and provide adequate shipping facilities to carry the men and munitions for America to do the part assigned to her in this unfortunate war it will become necessary to bridge the Atlantic Ocean as it were with a chain of ships. America has the material. She has the man power to accomplish this herculean task, if our men shall go to work with the spirit of determination which the exigencies of this desperate emergency demand.

Much has been said in criticism of the laborers who refuse to do extra work at this time. We are told that instead of pulling wide open the throttle and moving with that enthusiasm and celerity which ought to characterize the efforts of every American citizen in the performance of his duty to the Nation at this time that they are inclined to hold back. I have no words of condonation for such conduct. It is unfortunate and, if willfully done, highly reprehensible. But I am inclined to think that the conduct which manifests a feeling of indifference to results on the part of the laboring men is due very largely to the greed, the grafting, the mercenary, the criminal profiteering on the part of capital, the possessors of which have vied with each other in their lip service to the Government. While these patriots for self are standing in the limelight of publicity proclaiming their willingness to do and to die if need be for the flag, they are receiving enormous profits from agencies which they themselves have put into operation and which are concealed from public view. The editorial from the Washington Post, which appeared in this morning's edition of that paper is pertinent, and I ask that it be read and printed in the Record.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Secretary will read.

The Secretary read as follows:

HOG ISLAND.

Witnesses appearing before the Senate Commerce Committee in the Shipping Board inquiry have told amazing stories of reckless extravagance in the construction of the Government's ship-fabrication plant at Hog Island, together with instances of glaring inefficiency. They have told that the price of the land upon which the plant is located was advanced 100 per cent in price within a year; of 1,300 loaded freight cars standing in the yards waiting to be unloaded, while workmen were idle and the country was staggering under a freight congestion that demanded every car available; of salaries doubled; of favoritism in contracts; of the original cost estimates vastly exceeded with the work but 60 per cent completed.

Inefficiency and profligacy of expenditures have run a race at Hog Island, it is claimed, with the result a tie. It is charged that the Emergency Fleet Corporation adopted a policy of noninterference, as a result of which this orgy of waste went on uninterrupted.

If the testimony adduced accurately represents conditions at the Hog Island yard, the inquiry undertaken by the Senate Commerce Committee has been amply justified. The country is entitled to know the facts, however disagreeable they may be.

The vital, urgent need for ships is understood by every American. The allies have impressed upon us the fact that they are more needed for the winning of the war than anything else America can produce. Everybody knows this, and knowing it everybody in official life and out of it understands that if there is one department of the Government in which efficiency is demanded above all others it is among those having charge of the construction of the ships which are to save this Nation.

Is it possible that under these conditions and with such tremendous responsibilities resting upon the United States men have dallied with this important work, have used the Hog Island project for profiteering, have trafficked in the honor and safety of the Nation? If it be true that buccaneers of business have profited unfairly in this matter, they should not be permitted to retain a dollar they have wrung from the Public Treasury, and their names should be written at the top of the scroll of infamy. The Commerce Committee should probe to the very bottom of the case and ventilate all the facts.

Mr. McCUMBER. Mr. President, may I ask the Senator a question? The editorial, I understand, is based upon testimony taken before the Committee on Commerce, which testimony shows, and shows conclusively, I think, that for this same land for which the Government paid \$2,000 an acre there was an

agreement that a purchaser could have it for \$1,000 an acre. It also shows that cranes were purchased by the Government for about \$20,000 which were sold only a very short time ago for about \$7,000.

We passed an act through Congress some time ago granting power to the administration to condemn the land and take it for the Government. We granted authority to condemn and take those cranes and any such property for what it was reasonably worth.

Now, will the Senator explain to us who is responsible for paying for this land three or four times what it is worth, and paying for those cranes from 300 to 400 per cent above their real value, when the authority was given the department to take them for what they were actually worth by condemnation, if necessary?

Mr. VARDAMAN. Mr. President, I should like to go into the discussion of this question. It is a long story of malfeasance and misfeasance, disloyalty, greed for gain, and pecuniary aggrandizement which the Commerce Committee I hope will bring to the attention of the American people. I have not words with which to condemn the loose method which has been employed in the building of that great shipping plant; but I can not oblige the distinguished Senator by going into a discussion of it now. It is not in order, and I am trespassing upon the time of the Senate to say what I have said and desire to say at this time. I arose simply to call attention to this transaction. A little later it will be my unhappy duty, or some other Senator's, to call the attention of the American people to this matter in all of its hideous nakedness.

Mr. President, I have infinite faith in the saving grace of the honesty and patriotism of the average American citizen. I believe that he loves his country with a devotion which will cause him to make readily any sacrifice necessary for the triumph of his flag and the preservation of American institutions. I believe the way to approach the average American laborer is to appeal to his patriotism, to tell him the truth, and let him know just what is demanded of him, and I believe he will do his bit with verve, energy, pluck, and pertinacity. Let him know that this is his country and that he is going to be secured a square deal and the part he is to perform in this emergency is for his own personal protection and the preservation of his Government for the good of his posterity. I would appeal to the better side of his character, to the lofty qualities of his soul.

I have no sympathy with the proposition to conscript labor. I have no sympathy with the sentiment that is being generally expressed that you can not trust without proscription the average American laboring man to perform his patriotic duty. And I will say further that you can not convert Caucasian men and women born of free parents into a vassal or a subject in one generation. You may force a man to remain in the shops a certain number of hours each day, but you can not compel him to work effectively.

He must be given a free hand; he must be treated as a citizen and not as a subject. It is his country and he is entitled to be consulted about the Government and what he himself should do. If the courts of the country should send a few of these patriots for pelf who are taking advantage of this desperate emergency to make money for themselves to the penitentiary, and if Congress should take from them the opportunity to rob and plunder the Public Treasury it will have a most wholesome and salutary effect upon the psychology of the masses. It will fire their patriotism and encourage them to heroic effort, which is necessary to meet the exigencies of the extraordinary situation.

If laborers have shown a disposition to lag when industry should characterize their conduct, it may be due to the fact that they see a few men high in business circles robbing and plundering the Government and taking advantage of war conditions to grow richer and richer still. If the ingenuity displayed in the matter of devising ways and means to get money out of the Public Treasury which has been shown by some of these plutocratic patriots of the Hog Island enterprise was displayed in the matter of building ships, we would have had an entire fleet constructed by this time.

THE LOCAL COAL SITUATION.

Mr. SHERMAN. Mr. President, I send to the Secretary's desk a news item cut from the Washington Post this morning. I ask unanimous consent for about two minutes to make a statement in reference to it.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Illinois will proceed.

Mr. SHERMAN. The inclement winter has brought to the surface evidence of the operation of the rules of civilized society. I deem it worthy of preservation in some permanent form.

Posterity mayhap will value this fleeting reminiscence as a corner stone from which to estimate improvement in future years. It will be a matter of profound satisfaction for future generations to know that the multitude gathered in Washington were not deprived of tobacco, theatrical entertainment, moving-picture shows, and the blessings of billiard halls while the coal shortage afflicted us.

The Washington public schools closed the afternoon of January 29, 1918, and remained closed until this morning, February 11, 1918, because no coal could be had. At least one Sunday since the fuel order was promulgated all the churches in Washington were closed to save coal. The saving of fuel of course was to win the war, so churches and schoolhouses suspended their activities as stated. During this period when no coal could be had for the institutions named, 65 moving-picture shows, 16 theaters, 1,567 cigar stores, and 171 billiard halls were open and doing business as usual except on heatless Mondays or Tuesdays.

The Washington Post of to-day contains the following news item announcing the opening of the public schools in this city to-day. I ask that the news item cut from the Washington Post of this morning announcing the opening of the public schools be printed in the CONGRESSIONAL RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PUBLIC SCHOOLS WILL OPEN TO-DAY—COAL SITUATION CLEARS AND BUILDINGS HAVE ENOUGH FUEL.

All public schools in Washington will open this morning, according to an announcement made last night by Superintendent of Schools Ernest L. Thurston. No matter what the amount of future arrivals of coal will be, some of the schools, including all of the high schools, will remain open until June, Mr. Thurston said.

Mr. Thurston said reports showed that every school building in the District had a supply of coal on hand, enough to heat the building. On account of the seriousness of the coal situation in Washington, the public schools were closed January 29.

The warm weather yesterday greatly helped the situation. If the favorable weather continues this morning, Mr. Thurston does not expect any of the schools to be closed on account of disabled heating facilities.

District labor was used yesterday in hauling coal to the schools, and janitors of the schools worked until late at night firing the furnaces.

ADDRESS BY W. G. M. THOMAS, OF TENNESSEE.

Mr. SHIELDS. Mr. President, Hon. W. G. M. Thomas, one of the ablest lawyers of Tennessee and a profound student of governmental conditions, and who has given the causes which brought on this great war in which we are engaged careful study, recently delivered an address in Chattanooga, Tenn., which I believe it is to the interest of the country that it be given the widest publicity and be read by every American citizen.

I believe that Mr. Thomas in this able address has conclusively established, as we all believe, that this fearful war and unparalleled sacrifice of human life and treasure was deliberately brought about by the Imperial Government of Germany to effect a long-premediated dream and effort of worldwide conquest and dominion.

The comparison which Mr. Thomas makes of the autocracy of Germany and the unscrupulous, merciless, and inhuman practices which it is willing to adopt in order to carry out its purposes and the great principles of American democracy, conceived and established in this country and advocated and maintained by numerous great Americans, including our present Chief Executive, is one of the ablest presentations of these questions that has been made during the war. I ask unanimous consent that the address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The world has some acquaintance to-day with things of which it might have known, and of which it ought to have known many years ago. Antedating the month of July, 1914, it was not supposed to be a possible fact to deceive all the world a part of the time, or a part of the world all the time. Indeed, not until after this memorable month of that year were people outside the boundaries of Germany aware that the whole world had been deceived, and that a part of the world was still being deceived, but, since July, 1914, nine-tenths of all the globe and nine-tenths of the people of the globe have been engaged in a settled, determined course of action to convince the other one-tenth that it is not possible to deceive all the world all the time.

Unbelievable as it may appear to be, the world has had another revelation, namely, that the very easiest method of certain deception is to be found in the use of the palpably incredible—Incredible truth presented openly in plain outline—and in exact detail and plan. And still another fact has been revealed—that Germany is the one conspicuous example in the art of this unique method of deception.

Antedating Austria-Hungary's ultimatum to Serbia, and the horrible consequences which followed that document, nowhere in the world, beyond German borders, was it even thinkable that any incredible fact or any number of incredible facts could be successfully used to deceive. So completely were people misled that they do not longer doubt that an easy and certain means of deception is the incredible dressed in unadorned simplicity.

For at least one-quarter of a century preceding the present war the reading public throughout the earth were buying and using German books. The student who aspired to scholarship felt moved to believe that to attain his ambition he must pass through a German university. German professors were called into chairs in institutions of higher

learning. That American schoolmen might possess the kultur of Germany, and that American youths might sit at the feet of German professors, universities in the United States and universities in Germany exchanged their professors. Everybody who visited Europe visited Germany. If his tour led him into a German city, he observed that a woman's right-of-way along a German sidewalk was subordinate that of the German Army officer. He observed, too, that at ticket windows the German Army and Navy assumed precedence over the line of civilian men, women, and children. A tourist in Germany witnessed the movements of German commerce and industry, and he found himself interested in the volume of business which appeared to render necessary so many important railway lines leading to the boundaries of Belgium and other border States.

It was quite incredible to the foreigner that railroads built prior to 1914 meant anything save Germany's peaceful progress and prosperity. It was unthinkable that these street scenes in Germany were anything more than mere isolated instances of rudeness on the part of German soldiers. It was unbelievable to students that there was any real harm in the rationalism and other "isms" found in the utterances of the German professors, and it was quite incredible to all readers that the German books and German spokesmen on law, and right and wrong, or on war and might and cruelty, meant anything more than irresponsible utterances of such a madman as a Nietzsche, or of such a panegyrist of the Hohenzollerns as a Treitschke.

To-day it is known to everyone that neither German books, nor professors, German soldiers, nor railways, betrayed Germany. Not one of these, in itself, nor all of them combined, betrayed Germany, for the incredible was discovered to be not a betrayer.

Since July, 1915, the world has been taught the new and novel lessons that the incredible is sometimes not at all incredible, and that these German scenes, these German professors, these German books, were pointing unerringly and with bold frankness to the present world war. Under the crimson light of three and one-half years of war, Germany now stands revealed. The incredible prior to 1914 is anything but incredible to-day and when we turn to the facts, we wonder how the world could have been misled.

OUT OF GERMANY'S OWN MOUTH.

"The Teutonic race is called to circle the earth with its rule," says Woltmann.

"If fate has selected us to assume the leadership in the kultur life of the peoples, we will not shrink from this great and lofty mission." (Fazzaurek.)

"The German soul is the world's soul. God and Germany belong to one another. The German soul is God's soul; it shall and will rule over mankind." (Pastor Lehmann.)

"He who does not believe in the divine mission of Germany had better hang himself, and rather to-day than to-morrow." (Chamberlain.)

"A good Providence watches over the fate of the German people, which is destined to the highest things on this earth." (Sonbart.)

"The German people is always right, because it is the German people and 87,000,000 souls." (Tannenber.)

"We want to become a world people." (Meinecke.)

"Germany is the center of God's plans for the world." (Pastor Lehmann.)

"Germany will be the schoolmaster of all the world, as every German has a bit of schoolmaster in him." (Prof. Blume.)

"Might is right, and right is decided by war." (Bernhardt.)

"There is but one sort of right—the right of the stronger." (Lasson.)

"It is foolish to talk of the rights of others." (Peters.)

"Right and wrong are notions needed in civil life only." (Tannenber.)

"Might is the supreme right, and the dispute as to what is right is decided by the arbitrament of war. War gives a biologically just decision." (Bernhardt.)

"What does right matter to me? I have no need for it. What I can acquire by force, that I possess and enjoy; what I can not obtain, I renounce. * * * I have the power to do." (Stirner.)

"The law of the strong holds good everywhere." (Bernhardt.)

"There is no legal obligation upon a State to observe treaties." (Lasson.)

"No right is so inviolable that it must not yield to necessity, and in action dictated by necessity there is violation of right." (Prof. Kohler.)

"No power is bound to sacrifice important interests of its own on the altar of faithfulness to her alliance." (Bismarck.)

"A State knows no arbiter and draws up all its treaties with this implied reservation * * * and is consequently entitled to repudiate its treaties." (Treitschke.)

"When a diplomat is guilty of obscuring facts in a diplomatic negotiation he is thinking of his country." (Treitschke.)

GERMANY AND WAR.

"Without war humanity would sink into materialism." (Moltke.)

"Nothing is more immoral than to consider and talk of war as an immoral thing. War is the mother of all good things." (Prof. Haase.)

"When one really meditates war, one must say no word about it; one must envelope one's designs in a profound mystery; then suddenly and without warning, one leaps as a thief in the night." (Wirth.)

"The lessons of history confirm the view that wars which have been deliberately provoked by far-seeing statesmen have had the happiest results." (Bernhardt.)

"We must not think merely of external foes who compel us to fight. A war may seem to be forced upon a statesman by the condition of home affairs or by the pressure of the whole political situation." (Bernhardt.)

"Thanks to his [Bismarck's] diplomatic adroitness, he forced upon his adversaries the outward appearance of declaring war, while in reality Prussian-Germany was the assailant." (Strantz.)

"If Belgium takes part in this war, she must be wiped off the map of Europe." (Theuden.)

"Let us laugh with all our lungs at the old women in trousers who are afraid of war, and therefore complain that it is cruel and hideous. No; war is beautiful. Its august grandeur elevates the heart of man high above all that is commonplace and earthly." (Gottberg.)

"We have become a nation of wrath; we think only of the war." (Pastor Lehmann.)

"The German is a hero born and believes he can hack and hew his way through life." (Treitschke.)

"God calls us to murderous battles, even if worlds should thereby fall to ruins." (Pastor Francke.)

"War forms part of the eternal order instituted by God." (Moltke.)

GERMANY AND PEACE.

"We must not look for permanent peace as a result of this war. Heaven defend Germany from that!" (Schmitz.)

"Only over the black gate of the cemetery * * * can be read the words 'Eternal peace for all peoples.' For peoples who live and strive, the only maxim and motto must be eternal war." (Wagner.)

"The highest steps of kultur have not been mounted by peaceable nations in long periods of peace, but by warlike peoples in the time of their greatest combativeness." (Theuden.)

"Perpetual peace is a dream, and it is not even a beautiful dream." (Moltke.)

"We children of the future * * * do not by any means think it desirable that the kingdom of righteousness and peace should be established on the earth." (Nietzsche.)

"Whoever can not prevail upon himself to approve, from the bottom of his heart, the sinking of the *Lusitania*—whoever can not conquer his sense of the gigantic cruelty to unnumbered perfectly innocent victims * * * and give himself up to honest delight at this victorious exploit of German defensive power—him we judge to be no true German." (Pastor Baumgarten.)

"Not against our will were we thrown into this gigantic adventure. We willed it; we were bound to will it." (Harden.)

"Terrorism is seen to be a relatively gentle procedure, useful to keep in a state of obedience the masses of the people." (Hartmann.)

"Whoever enters upon a war in future will do well to look only to his own interests, and pay no heed to any so-called international law." (By a German, 1900.)

"It is a gratuitous illusion to suppose that modern war does not demand far more brutality, far more violence, and an action far more general than was formerly the case." (Hartmann.)

"I warn you against pity." (Nietzsche.)

"We hold that hardness, violence, slavery, danger in the street and in the heart, secrecy, stoicism, arts of temptation and devilry of all kinds; that everything evil, terrible, tyrannical, wild-beastlike, and serpentlike in man contributes to the elevation of the species just as much as the opposite—and in saying this we do not even say enough." (Nietzsche.)

"No sooner are airships invented than the general staffs set to work to devise methods of applying them to destruction." (Gumplowicz.)

"Much that is dreadful and inhuman in history, much that one hardly likes to believe, is mitigated by the reflection that the one who commands and the one who carries out are different persons—the former does not behold the sight, therefore does not experience the strong impression on the imagination; the latter obeys a superior, and therefore feels no responsibility." (Nietzsche.)

"The proud conviction forces itself upon us with irresistible power that a high, if not the highest, importance for the entire development of the human race is ascribed to the German people." (Bernhardt.)

"In our German people peaceful disposition and warlike prowess are so happily mixed that in this respect no other people on the earth can rival us, and none seems so clearly predestined to light humanity on the way to true progress." (Lange.)

"Where in the whole world can a people be found who have such cause for manly pride as we? But we are equally far removed from presumption and from arrogance." (Pastor Rump.)

"Germany is the future of humanity." (Pastor Lehmann.)

"We must vanquish, because the downfall of Germanism would mean the downfall of humanity." (Pastor Konig.)

"That it will be German kultur that will send forth its rays from the center of our continent there can be no possible doubt." (Prof. Gierke.)

"It was given and assigned to us, and we read in it the original text of our destiny, which proclaims to mankind salvation or disaster, according as we will it." (Pastor Rump.)

"It was the hidden meaning of God that He made Israel the forerunner of the Messiah, and in the same way He has by His hidden intent designated the German people to be His successor." (Dr. Preuss.)

INSINCERITY OF KAISER.

On July 29, 1914, the Czar of Russia telegraphed the Kaiser: "A disgraceful war has been declared on a weak nation; the indignation at this, which I fully share, is immense in Russia." In reply to this wire the Kaiser said: "I can not consider Austria-Hungary's action 'disgraceful war.' Austria-Hungary knows by experience that Serbia's promises, when they are merely on paper, are quite unreliable. According to my opinion Austria-Hungary's action is to be looked upon as an attempt to secure full guarantees that Serbia's promises shall also be turned into deeds."

These are the German Emperor's own words, that a nation's signed engagement should never be unreliable—that it is not "a scrap of paper," that it should be turned into deeds, and that an attempt, even by force of arms, so to turn it is not "disgraceful war."

Was the Kaiser sincere when he dictated this telegram? He sent it at a time when his Government was under written obligation, guaranteeing the independence and neutrality of Belgium; and here are some provisions of that agreement:

"Belgium * * * shall form an independent and perpetually neutral State. It shall be bound to observe such neutrality toward all other States."

"The territory of neutral powers is inviolable."

"Belligerents are forbidden to move troops or convoys of either munitions of war or supplies across the territory of a neutral power."

"A neutral power must not allow any of the acts referred to * * * to occur on its territory."

"The fact of a neutral power resisting, even by force, attempts to violate its neutrality can not be regarded as a hostile act."

These words were more than the promise of Germany to Belgium; they were Germany's pledge entered into in writing. The Kaiser telegraphed the Czar that such a promise should not be unreliable—that it should be turned into deeds.

On August 4, 1914, less than a week after the Emperor's telegram to the Czar, the imperial chancellor, in a speech before the German Diet, said: "Gentlemen, we are now acting in self-defense. Necessity knows no law. Our troops have occupied Luxemburg and have possibly already entered on Belgium. The injustice—I speak openly—the injustice we thereby commit we will try to make good as soon as our military aims have been attained. He who is menaced as we are and is fighting for his all can only consider the one and best way to strike."

Here is Germany's official recognition of the Belgium treaty and of international law; and it is furthermore the official admission that Germany had breached that law, had ignored the rightful protests of Belgium, and that Germany's conduct was an act of injustice to Belgium. The sole excuse offered is that "necessity knows no law"; that a nation

when menaced "can only consider the one and best way to strike"; and that such consideration must be without regard at all to the breaking of pledges or to the rights of others.

At a later hour of August 4, 1914, the British ambassador to Berlin, with instructions from his Government that Germany must not disregard her contract with Belgium, called upon the imperial chancellor. "Just for a word—neutrality"—a word which in war time had so often been disregarded—just for a scrap of paper—Great Britain was going to make war on a kindred nation," was the chancellor's reply to the ambassador.

Here is the German chancellor's measure of the value of a nation's engagement and of the force of the law of nations—"a scrap of paper"; and it can not be urged justly that this was an idle utterance of the chancellor for which he and his Government should be free of responsibility, for the record of fact traces the term used to the very highest authority in Germany.

GERMAN DIPLOMACY.

The use of the term, "a scrap of paper," and the German estimate of the virtue and integrity of a treaty did not originate with the chancellor. "Do not be ashamed," said Frederick II, "of making interested alliances from which you yourself can derive the whole advantage. Do not make the foolish mistake of not breaking them when you believe your interests require it. Above all, uphold the following maxim: 'To despoil your neighbors is to deprive them of the means of injuring you.' When he is about to conclude a treaty with some foreign power, if a sovereign remembers he is a Christian he is lost." Later, on April 11, 1847, in a speech from the throne, King Frederick William IV asserted that "All written constitutions are only scraps of paper," and, again, in 1862, when in a quarrel between Emperor William and the Prussian diet, he was reproached with his defiance of the law, he replied that he would do his duty as he saw it, without regard to "scraps of paper called constitutions."

It is quite impossible to assume that the Kaiser may have been ignorant of the use of these terms by former Emperors in 1847 and 1862, or of the Hohenzollern creed as stated by Frederick II; and all fair men must admit that on August 10, 1914, he did know that his chancellor had stated in the diet on the preceding August 4 that in the face of menace neither national obligation nor the dictates of justice need be given consideration; that imperial Germany "can only consider the one and best way to strike." The Kaiser knew that his war lords had marked Belgium as the one and the best way across which to strike France; he knew, and his war lords knew, that to move troops or munitions of war over the borders and into Belgium would be a breach of the Belgium treaty and a violation of Belgian territory, and that it would be an act of the most glaring injustice to that country and people. With all these facts before his eyes he penned with his own hand a telegram on August 10 to President Wilson, and he handed it to the American ambassador for transmission to Washington. In that message he restates, in substance, his telegram of July 29 to the Czar of Russia, that "the Serbian promises on paper should be fulfilled in reality," and he asserts in so many words that Germany's neutrality contract with Belgium "had to be violated on strategic grounds." In other words, the Kaiser telegraphed President Wilson on August 10 that no signed promise or covenant of the German Empire would be allowed to stand across the path of the science of projecting and directing Germany's military movements.

Unfortunately the Kaiser set up one standard for Serbia and quite another for Germany. In his telegram to the Czar he complains "that Serbia's promises, when they are merely on paper, are quite unreliable," and that Austria-Hungary had the right "to secure full guarantees that Serbia's promises shall also be turned into deeds," and he states as much in his wire to President Wilson, but he lowers that standard—in fact, he strikes it to the ground—when he declared that "on strategic grounds" Germany had to march into Belgium, notwithstanding the injustice committed by the act.

Viewing these facts, drawn altogether from official pronouncements of four German rulers and a German chancellor, the level of German ethics is seen to be that her promises, even when on paper are both quite unreliable and subject to be broken at will; and, indeed, are not to be fulfilled if performance might prevent or hinder German military advantage; that Germany's contracts may be disregarded as "scraps of paper" if they be found to stand opposed to military aims; that in Germany "might makes right," and "necessity knows no law"; and that in Germany it is a maxim in morals that he who is menaced can only consider the one and the best way to strike; and this without regard to his own obligation or honor, or to the legal or moral right of the one against whom the stroke is directed.

THE WORLD AND GERMAN DOCTRINE.

The world will never bow down before or accept any such doctrine; it must be wholly repudiated and reversed; and the world war is being waged to reverse it. The war is much more than centralized power against representative government, much more than autocracy against the people; it is tyranny against freedom; it is brutal might against human liberty; it is wanton destruction against conservation; it is barbarism against civilization; it is savagery against humanity; it is unrighteousness against righteousness; it is the Iron Cross against the Red Cross; it is the spirit of Satan against God.

So long as Germany shall think it not "by any means desirable that the kingdom of righteousness and peace should be established on the earth," she will find the world against her. So long as she shall teach that "only over the black gate of the cemetery can we read the words, 'eternal peace for all people,'" she will be the world's enemy. So long as she shall continue in her expressed faith that "war is the mother of all good things," and that "might is the supremacy of right," she must find herself alone upon the earth. So long as it is the purpose of the Teutonic race "to circle the earth with its rule," just so long Germany will find no friend beyond her own borders. The Kaiser must lose his crown or else he must repudiate the Hohenzollern creed that national covenants are "scraps of paper"; that "to despoil your neighbors is to deprive them of the means of injuring you"; and that "when he is about to conclude a treaty with some foreign power, if a sovereign remembers he is a Christian, he is lost."

The purpose of Germany "to circle the earth with its rule" and her deeds of lawlessness and savagery are now known world wide. The black record is now open to all men. With unexampled patience and forbearance, the United States and her people bore much and suffered much, but longer patience became impossible when Germany made war upon our country and upon the freedom, liberty, and independence which Americans had gained for themselves, and under which they propose to live their own lives and to pass on to their children. America is defending their good heritage. America is defending more than this. "The object of this war," as President Wilson has stated

it to all the world, "is to deliver the free people of the world from the menace and the actual power of a vast military establishment, controlled by an irresponsible Government, which, having secretly planned to dominate the world, proceeded to carry the plan out without regard either to the sacred obligations of treaty or the long-established practices and long-cherished principles of international action and honor, which chose its blow fiercely and suddenly, stopped at no barrier either of law or of mercy, swept a whole continent within the tide of blood—not the blood of soldiers only, but the blood of innocent women and children also, and of the helpless poor—and now stands balked but not defeated, the enemy of four-fifths of the world."

Innocent and defenseless women and children have the right to security in the home, and an airplane that wantonly would wreck a home and destroy life is an assassin. Upon the high seas, ruthlessly and without warning, to sink a passenger ship and her human freight is deliberate murder. To drop from the air a bomb upon offenseless children in a schoolhouse is savagery. To mock all laws of war and humanity is superlative and barbarism. To fire upon the Red Cross is satanic.

SHALL NEVER RULE.

German "kultur" shall never rule over our land, and it must be assured that it shall not rule over any other land. It is a base falsehood that "might is right." A nation's word is not "a scrap of paper."

Over against the German code that "it is foolish to talk of the rights of others" America sets up the Golden Rule—"Do unto others as you would have others do unto you."

A nation whose treaty agreement is not as binding as its bonds is not a nation with which honorable peoples care to deal. A nation whose accredited ambassador would set a network of intrigue among the people to whom he is accredited, and whose country would promote and decorate him in reward for his base service is a nation whose ways must be mended if it shall expect relations with respectable folk. A nation that would purposely, by shell or torpedo and without notice or warning, sink a merchant ship plying the high seas and leave the crew to their fate in the waves is an outlaw nation. A nation that would organize incendiarism and dispatch its paid agents to blow up industries ought to be put out of business. A nation that wills the oppression of Europe and that plots and schemes to extend its brutal might across the sea and over free America is a nation whose fiendish lordship must and shall be met and stopped before it shall ever touch these shores.

A prince, whatever be his name or title, who would set in motion any such horrors is unfit to be the ruler of a free people; and a people who support such a prince are not free. A nation that would will injustice and harm to other nations is entitled to no place in the councils of men. Such a nation is a world menace, and any such a nation must be rendered powerless to exercise such a will, or else its people must be made to establish for themselves a very different form of government.

It is to defend our own people and country, and all peoples, against this German menace and to assure all the world that the horrors of the last three and a half years never shall happen again, that the United States and her 15 allies are standing against Germany. The whole history of America shows that our people never could be moved to take any other stand.

AMERICA'S RECORD.

In his farewell address Washington expressed the hope that "the happiness of the people of these States, under the auspices of liberty, may be made complete by so careful a preservation and so prudent a use of this blessing as will acquire to them the glory of recommending it to the applause, the affection, and adoption of every nation which is yet a stranger to it."

Here is almost the prediction by America's first president that the people's happiness, under the authority and guidance of liberty, would some day become so complete that to America would be accorded the glory of recommending like liberty to the applause, affection, and adoption of every nation still a stranger to it.

Washington stated this in 1796, and it is more than a significant fact that in 1917—a century and a quarter later—America not only made such a recommendation world-wide, but, through President Wilson, the Nation declared that "the world must be made safe for democracy."

Twenty years antedating this utterance of Washington, the Declaration of Independence declared that all people possessed the free and independent right "to assume among the powers of the earth the separate and equal station to which the laws of nature and of nature's God entitle them"; and that the people of America hold certain truths to be self-evident; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.

Here it is claimed, as an endowment of the Creator, that a people have the untransferable right of self-government—"the government," as President Lincoln expresses it, "of the people, by the people, for the people." Such form of government is the right of independence and liberty; indeed, it is independence and liberty; and America possesses each of the two because both, as Washington states it, "are the work of joint councils and joint efforts of common dangers, sufferings, and successes."

From the utterances and action of the German Government, and German Emperors and people, we have had to stoop low in order to see the level of their standard of conduct among themselves, and toward other nations and people; and now that America has recommended her own freedom and liberty to all the world, and, along with this recommendation, and to the exalted end that government of, by, and for the people may be made safe throughout the earth, has pledged the lives and the fortunes of her people, and her own sacred honor, it is with just pride that Americans may place their country's record alongside the record of the Nation's enemies. Indeed, the heart of every American, native or foreign born, should rise in gratitude and praise to Almighty God for His leadership and guidance from Washington to Wilson, and for His blessings upon us as a Nation and people. To-day, in this world holocaust, nine-tenths of the earth's area and inhabitants are standing with and on the side of the United States, battling for all these exalted, just, and righteous principles for which Americans have always stood, and for which, if need be, they have ever been ready to offer their lives.

WORDS OF AMERICA'S PRESIDENTS.

Washington wrote a page of the record in his farewell message to his countrymen: "Observe good faith and justice toward all nations. Cultivate peace and harmony with all. Religion and morality enjoin this conduct. And can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt that in the course of time and things the fruit

of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it? Can it be that Providence has not connected the permanent felicity of a nation with its virtue? The experiment, at least, is recommended by every sentiment which ennobles human nature."

Here are noble words and, indeed, the prophecy of Washington that, at no distant day, the United States would be a great Nation, and would give to the world an example of a people "always guided by an exalted justice and benevolence."

Can any sincere man, casting his eyes along the past years, and looking about him in these tremendous times, doubt the fulfillment of this prophecy?

President Jefferson adds this further word to the record: "We are firmly convinced, and we act on that conviction, that with all nations, as with individuals, our interests, soundly calculated, will ever be found inseparable from our moral duties; and history bears witness to the fact that a just nation is trusted on its word, when recourse is had to armaments and wars to bridle others."

President Madison says that it is a duty and privilege of Americans "to foster a spirit of independence too just to invade the rights of others, too proud to surrender our own, too liberal to indulge unworthy prejudices ourselves, and too elevated not to look down upon them in others."

President Monroe: "National honor is national property of the highest value."

President J. Q. Adams: "Union, justice, tranquillity, the common defense, the general welfare, and the blessings of liberty—all have been promoted by the Government under which we have lived."

President Jackson: "Turning our eyes to other nations, our great desire is to see our brethren of the human race secured in the blessings enjoyed by ourselves, and advancing in knowledge, in freedom, and in social happiness."

President Lincoln: "This country, with its institutions, belongs to the people who inhabit it. * * * Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

President Grant: "In regard to foreign policy, I would deal with nations as equitable law requires individuals to deal with each other, and I would protect the law-abiding citizen, whether of native or foreign birth, wherever his rights are jeopardized or the flag of our country floats. I would respect the rights of all nations, demanding equal respect for our own."

President Garfield: "We can not overestimate the fervent love of liberty, the intelligent courage, and the sum of common sense with which our fathers made the great experiment of self-government."

President Harrison: "We have not sought to dominate or absorb any of our weaker neighbors, but rather to aid and encourage them to establish free and stable governments resting upon the consent of their own people."

President Roosevelt: "Great privileges and great powers are ours, and heavy are the responsibilities that go with these privileges and these powers. Accordingly, as we do well or ill, so shall mankind in the future be raised or cast down. We belong to a young nation, already of giant strength, yet whose political strength is but a forecast of the power that is to come."

President Taft: "Our international policy is always to promote peace."

President Wilson: "I am proposing, as it were, that the nations should, with one accord, adopt the doctrine of President Monroe as the doctrine of the world; that no nation shall seek to extend its polity over any other nation or people, but that every people should be left free to determine its own polity, its own way of development, unhindered, unthreatened, unafraid, the little along with the great and powerful."

"I am proposing that all nations henceforth avoid entangling alliances which would draw them into competitions of power, catch them in a net of intrigue and selfish rivalry, and disturb their own affairs with influences intruded from without."

"I am proposing government by the consent of the governed; that freedom of the seas which in international conference after conference representatives of the United States have urged with the eloquence of those who are the convinced disciples of liberty; and that moderation of armaments which makes of armies and navies a power for order merely, not an instrument of aggression or of selfish violence."

"These are American principles, American policies. We could stand for no others. And they are also the principles and policies of forward-looking men and women everywhere, of every modern nation, of every enlightened community. They are the principles of mankind and must prevail."

Germany opposes these American principles; and Gumpowicz gives the basis of the opposition: "No sooner are airships invented than the general staffs set to work to devise methods of applying them to destruction—the misuse of things."

Germany must be made to recognize a higher sense of moral and human responsibility. Her need is not less scientific knowledge, but such knowledge better directed and used. To paraphrase Bishop Candler: Germany must be taught, and she is about to be taught, that men and nations must be as plous as they are scientific and powerful, or they will be a peril to both themselves and others.

W. G. M. THOMAS.

HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Pensions:

H. R. 9506. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors;

H. R. 9612. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 9641. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors.

H. R. 9314. An act making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919,

was read twice by its title and referred to the Committee on Appropriations.

JOINT MEETING OF THE TWO HOUSES.

The PRESIDENT pro tempore (Mr. SAULSBURY in the chair). The hour having arrived at which, under the concurrent resolution, the Senate is to proceed to the Hall of the House of Representatives for the purpose of hearing such communication as the President of the United States may desire to make to the Congress, the order will now be carried out.

Thereupon the Senate, preceded by its Sergeant at Arms and headed by the President pro tempore and the Secretary, proceeded to the Hall of the House of Representatives.

At 1 o'clock p. m. the Senate returned to its Chamber, and the President pro tempore resumed the chair.

ADDRESS BY THE PRESIDENT OF THE UNITED STATES.

The address of the President of the United States this day delivered at a joint session of the two Houses of Congress is as follows:

Gentlemen of the Congress, on the eighth of January I had the honor of addressing you on the objects of the war as our people conceive them. The Prime Minister of Great Britain had spoken in similar terms on the fifth of January. To these addresses the German Chancellor replied on the twenty-fourth and Count Czernin, for Austria, on the same day. It is gratifying to have our desire so promptly realized that all exchanges of view on this great matter should be made in the hearing of all the world.

Count Czernin's reply, which is directed chiefly to my own address of the eighth of January, is uttered in a very friendly tone. He finds in my statement a sufficiently encouraging approach to the views of his own Government to justify him in believing that it furnishes a basis for a more detailed discussion of purposes by the two Governments. He is represented to have intimated that the views he was expressing had been communicated to me beforehand and that I was aware of them at the time he was uttering them; but in this I am sure he was misunderstood. I had received no intimation of what he intended to say. There was, of course, no reason why he should communicate privately with me. I am quite content to be one of his public audience.

Count von Hertling's reply is, I must say, very vague and very confusing. It is full of equivocal phrases and leads it is not clear where. But it is certainly in a very different tone from that of Count Czernin, and apparently of an opposite purpose. It confirms, I am sorry to say, rather than removes, the unfortunate impression made by what we had learned of the conferences at Brest-Litovsk. His discussion and acceptance of our general principles lead him to no practical conclusions. He refuses to apply them to the substantive items which must constitute the body of any final settlement. He is jealous of international action and of international counsel. He accepts, he says, the principle of public diplomacy, but he appears to insist that it be confined, at any rate in this case, to generalities and that the several particular questions of territory and sovereignty, the several questions upon whose settlement must depend the acceptance of peace by the twenty-three states now engaged in the war, must be discussed and settled, not in general council, but severally by the nations most immediately concerned by interest or neighborhood. He agrees that the seas should be free, but looks askance at any limitation to that freedom by international action in the interest of the common order. He would without reserve be glad to see economic barriers removed between nation and nation, for that could in no way impede the ambitions of the military party with whom he seems constrained to keep on terms. Neither does he raise objection to a limitation of armaments. That matter will be settled of itself, he thinks, by the economic conditions which must follow the war. But the German colonies, he demands, must be returned without debate. He will discuss with no one but the representatives of Russia what disposition shall be made of the peoples and the lands of the Baltic provinces; with no one but the Government of France the "conditions" under which French territory shall be evacuated; and only with Austria what shall be done with Poland. In the determination of all questions affecting the Balkan states he defers, as I understand him, to Austria and Turkey; and with regard to the agreements to be entered into concerning the non-Turkish peoples of the present Ottoman Empire, to the Turkish authorities themselves. After a settlement all around, effected in this fashion, by individual barter and concession, he would have no objection, if I correctly interpret his statement, to a league of nations which would undertake to hold the new balance of power steady against external disturbance.

It must be evident to everyone who understands what this war has wrought in the opinion and temper of the world that no general peace, no peace worth the infinite sacrifices of these years of tragical suffering, can possibly be arrived at in any such fashion. The method the German Chancellor proposes is the method of the Congress of Vienna. We cannot and will not return to that. What is at stake now is the peace of the world. What we are striving for is a new international order based upon broad and universal principles of right and justice,—no mere peace of shreds and patches. Is it possible that Count von Hertling does not see that, does not grasp it, is in fact living in his thought in a world dead and gone? Has he utterly forgotten the Reichstag Resolutions of the nineteenth of July, or does he deliberately ignore them? They spoke of the conditions of a general peace, not of national aggrandizement or of arrangements between state and state. The peace of the world depends upon the just settlement of each of the several problems to which I adverted in my recent address to the Congress. I, of course, do not mean that the peace of the world depends upon the acceptance of any particular set of suggestions as to the way in which those problems are to be dealt with. I mean only that those problems each and all affect the whole world; that unless they are dealt with in a spirit of unselfish and unbiased justice, with a view to the wishes, the natural connections, the racial aspirations, the security, and the peace of mind of the peoples involved, no permanent peace will have been attained. They cannot be discussed separately or in corners. None of them constitutes a private or separate interest from which the opinion of the world may be shut out. Whatever affects the peace affects mankind, and nothing settled by military force, if settled wrong, is settled at all. It will presently have to be reopened.

Is Count von Hertling not aware that he is speaking in the court of mankind, that all the awakened nations of the world now sit in judgment on what every public man, of whatever nation, may say on the issues of a conflict which has spread to every region of the world? The Reichstag Resolutions of July themselves frankly accepted the decisions of that court. There shall be no annexations, no contributions, no punitive damages. Peoples are not to be handed about from one sovereignty to another by an international conference or an understanding between rivals and antagonists. National aspirations must be respected; peoples may now be dominated and governed only by their own consent. "Self-determination" is not a mere phrase. It is an imperative principle of action, which statesmen will henceforth ignore at their peril. We cannot have general peace for the asking, or by the mere arrangements of a peace conference. It cannot be pieced together out of individual understandings between powerful states. All the parties to this war must join in the settlement of every issue anywhere involved in it; because what we are seeking is a peace that we can all unite to guarantee and maintain and every item of it must be submitted to the common judgment whether it be right and fair, an act of justice, rather than a bargain between sovereigns.

The United States has no desire to interfere in European affairs or to act as arbiter in European territorial disputes. She would disdain to take advantage of any internal weakness or disorder to impose her own will upon another people. She is quite ready to be shown that the settlements she has suggested are not the best or the most enduring. They are only her own provisional sketch of principles and of the way in which they should be applied. But she entered this war because she was made a partner, whether she would or not, in the sufferings and indignities inflicted by the military masters of Germany, against the peace and security of mankind; and the conditions of peace will touch her as nearly as they will touch any other nation to which is entrusted a leading part in the maintenance of civilization. She cannot see her way to peace until the causes of this war are removed, its renewal rendered as nearly as may be impossible.

This war had its roots in the disregard of the rights of small nations and of nationalities which lacked the union and the force to make good their claim to determine their own allegiances and their own forms of political life. Covenants must now be entered into which will render such things impossible for the future; and those covenants must be backed by the united force of all the nations that love justice and are willing to maintain it at any cost. If territorial settlements and the political relations of great populations which have not the organized power to resist are to be determined by the contracts of the powerful governments which consider themselves most directly affected, as Count von Hertling proposes, why may not economic questions also? It has come about in the altered world in which we now find ourselves that justice and the rights of peoples

affect the whole field of international dealing as much as access to raw materials and fair and equal conditions of trade. Count von Hertling wants the essential bases of commercial and industrial life to be safeguarded by common agreement and guarantee, but he cannot expect that to be conceded him if the other matters to be determined by the articles of peace are not handled in the same way as items in the final accounting. He cannot ask the benefit of common agreement in the one field without according it in the other. I take it for granted that he sees that separate and selfish compacts with regard to trade and the essential materials of manufacture would afford no foundation for peace; neither, he may rest assured, will separate and selfish compacts with regard to provinces and peoples.

Count Czernin seems to see the fundamental elements of peace with clear eyes and does not seek to obscure them. He sees that an independent Poland, made up of all the indisputably Polish peoples who lie contiguous to one another, is a matter of European concern and must of course be conceded; that Belgium must be evacuated and restored, no matter what sacrifices and concessions that may involve; and that national aspirations must be satisfied, even within his own Empire, in the common interest of Europe and mankind. If he is silent about questions which touch the interest and purpose of his allies more nearly than they touch those of Austria only, it must of course be because he feels constrained, I suppose, to defer to Germany and Turkey in the circumstances. Seeing and conceding, as he does, the essential principles involved and the necessity of candidly applying them, he naturally feels that Austria can respond to the purpose of peace as expressed by the United States with less embarrassment than could Germany. He would probably have gone much farther had it not been for the embarrassments of Austria's alliances and of her dependence upon Germany.

After all, the test of whether it is possible for either government to go any further in this comparison of views is simple and obvious. The principles to be applied are these:

First, that each part of the final settlement must be based upon the essential justice of that particular case and upon such adjustments as are most likely to bring a peace that will be permanent;

Second, that peoples and provinces are not to be bartered about from sovereignty to sovereignty as if they were mere chattels and pawns in a game, even the great game, now forever discredited, of the balance of power; but that

Third, every territorial settlement involved in this war must be made in the interest and for the benefit of the populations concerned, and not as a part of any mere adjustment or compromise of claims amongst rival states; and

Fourth, that all well defined national aspirations shall be accorded the utmost satisfaction that can be accorded them without introducing new or perpetuating old elements of discord and antagonism that would be likely in time to break the peace of Europe and consequently of the world.

A general peace erected upon such foundations can be discussed. Until such a peace can be secured we have no choice but to go on. So far as we can judge, these principles that we regard as fundamental are already everywhere accepted as imperative except among the spokesmen of the military and annexationist party in Germany. If they have anywhere else been rejected, the objectors have not been sufficiently numerous or influential to make their voices audible. The tragical circumstance is that this one party in Germany is apparently willing and able to send millions of men to their death to prevent what all the world now sees to be just.

I would not be a true spokesman of the people of the United States if I did not say once more that we entered this war upon no small occasion, and that we can never turn back from a course chosen upon principle. Our resources are in part mobilized now, and we shall not pause until they are mobilized in their entirety. Our armies are rapidly going to the fighting front, and will go more and more rapidly. Our whole strength will be put into this war of emancipation,—emancipation from the threat and attempted mastery of selfish groups of autocratic rulers,—whatever the difficulties and present partial delays. We are indomitable in our power of independent action and can in no circumstances consent to live in a world governed by intrigue and force. We believe that our own desire for a new international order under which reason and justice and the common interests of mankind shall prevail is the desire of enlightened men everywhere. Without that new order the world will be without peace and human life will lack tolerable conditions of existence and development. Having set our hand to the task of achieving it, we shall not turn back.

I hope that it is not necessary for me to add that no word of what I have said is intended as a threat. That is not the temper of our people. I have spoken thus only that the whole world

may know the true spirit of America,—that men everywhere may know that our passion for justice and for self-government is no mere passion of words but a passion which, once set in action, must be satisfied. The power of the United States is a menace to no nation or people. It will never be used in aggression or for the aggrandizement of any selfish interest of our own. It springs out of freedom and is for the service of freedom.

DISTRICT STREET RAILROADS.

Mr. JONES of Washington. I submit a resolution and ask for its present consideration.

The resolution (S. Res. 203) was read, as follows:

Resolved, That the Public Utilities Commission of the District of Columbia be directed to furnish the Senate the following information:

First. How many new cars have the electric railway companies in the District of Columbia put on during the last two years?

Second. Have they put on any new cars during the last year; and if so, how many?

Third. Are they making any provision now for adding new cars to their equipment; and if so, how many, and when are they to be put on?

Fourth. What other steps are being taken by the electric railway companies to meet the congested traffic conditions of the present and the future?

Fifth. What steps has the Public Utilities Commission taken to meet the present street car traffic congestion in the District?

Sixth. Is the existing railway trackage adequate to meet the traffic requirements as they are now, and as they are likely to be for some time to come; and if not, what steps are being taken to increase such trackage?

Seventh. What action has the commission taken under the authority given it to secure "adequate" service by the street railways of the District of Columbia?

Eighth. What action has the commission taken under the authority given it "to require and compel" the street railways of the District of Columbia to comply with the provisions of law looking to the furnishing of adequate service by such companies?

Ninth. What suggestions has the Public Utilities Commission to make to Congress for meeting the present congested conditions of traffic on the railways of the District of Columbia?

Mr. GALLINGER. Mr. President, I do not object to the resolution, because I think it is a very important one, but I want to make an observation about the traffic situation in the District of Columbia. Two or three days ago I received a letter from a well-known citizen complaining of the great inconvenience people have in getting from the suburban portions of the District of Columbia to the central part of the city, and he urged that some immediate action should be taken, reminding me of the fact that for many years I served upon the committee, as chairman of the committee, and he thought I ought to immediately concern myself about it. My reply to him was substantially in these words: "I remember the time when the surface cars of the cities of New York and Boston were adequate to take care of the convenience and comfort of the traveling public. A time arrived when elevated roads in both those great cities became a necessity, and they were built. Time went on and the congestion on both the surface and the elevated roads was such that it was evident subways should be constructed, and they were constructed in both those cities and in other cities of the country; and even now in New York and Boston a man practically takes his life in his hands at certain hours of the day to get a seat or accommodation of any kind on either an elevated road or in a subway car."

My conclusion was, Mr. President, that the corporations serving the people of the District of Columbia at the present time are doing the best they can. They are under the control of the Public Utilities Commission. They have an expert here now studying the subject. I feel confident that they simply can not accomplish the purpose that they have in view, and that what ought to be done would be for the Public Utilities Commission or Congress itself immediately to consider the question whether it is not necessary for us to have subways to relieve the congestion. I do not imagine that any of us will agree that we should have elevated roads in the District of Columbia; but that we ought to have subways, and must have subways in the near future, is, to my mind, so conclusive that there is no need for discussing the subject.

The PRESIDENT pro tempore. The Senator from Washington asks for the immediate consideration of the resolution which has just been read.

The resolution was considered by unanimous consent and agreed to.

ALLOWANCES TO SOLDIERS' FAMILIES (S. DOC. NO. 711).

Mr. HITCHCOCK. Mr. President, I ask to have printed in the RECORD a letter from the Secretary of the Treasury in response to a resolution which I introduced concerning the payment of allowances to the families of soldiers and sailors. Complaint has been quite general that the family allowances have not been paid. The Secretary's letter shows that the payment of November allowances was completed January 14; that the payment of the December allowances was completed February 6; and that the payment of the January allowances is now going

forward and checks are being sent out at the rate of between 40,000 and 50,000 a day. In order to give it as much publicity as possible, I ask that the letter may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, February 6, 1918.

The PRESIDENT OF THE SENATE:

SIR: In reply to Senate resolution 200, of February 5, asking to what extent, if any, allowances to soldiers' families for the month of November, 1917, have been paid, also to what extent they have been paid for the month of December, 1917, and also for the month of January, 1918, I have the honor to inform you that the mailing of November checks was completed January 14; the mailing of December checks was completed to-day, and the mailing of January checks to Navy dependents was completed to-day, and the mailing of January checks for the other branches of the service will begin to-morrow. These checks will be mailed at the rate of between forty and fifty thousand a day, and be completed on or before February 18.

Because of the distance of many of the soldiers from Washington the bureau is still receiving daily a considerable number of applications providing for allotments and allowances for the months of November and December. All such applications are given priority, and the payments for the two months are covered in one check.

While the war-risk insurance act was passed October 6, 1917, practically no applications for allotments and allowances were received prior to December 1, 1917. Up to the close of business to-day the bureau has received 1,170,458 applications. In 730,000 cases these applications showed that the soldiers had no dependents, and therefore no allotments were made, nor could any allowances be granted. Of the balance of 441,000 cases, awards were made in 426,000 cases and all checks for November and December and the Navy checks for January have been mailed, and the January checks for other branches of the service will be mailed before February 18, as stated above. These checks aggregate \$16,500,000. In the remaining 15,000 cases it has not been possible to make payments because the applications were so incomplete as to require correspondence with the soldiers or with their beneficiaries. This correspondence is being conducted with the greatest expedition and every effort is being made to forward checks at the earliest possible moment.

Of the checks forwarded approximately 10,000 that could not be delivered have been returned by the Post Office Department because the dependents had moved and left no forwarding address, because the addresses given by the soldiers were not complete, or because the applications were written so illegibly that the clerks misread the addresses in preparing the records from which the checks were drawn. These cases are being handled with the greatest dispatch.

By the end of February the work of the bureau will be current so that checks will be mailed immediately after the close of the month for which the checks are due.

Respectfully,

WM. G. McADOO,
Secretary of the Treasury.

MAJ. CHALMERS G. HALL.

Mr. OVERMAN. I ask unanimous consent for the present consideration of the bill (S. 3299) authorizing the President to reappoint Maj. Chalmers G. Hall, retired, to the active list of the Army. It is a bill reported from the Committee on Military Affairs this morning, and it is heartily indorsed by the War Department. It affects only one man, who wishes to go to France, and unless this bill is passed he can not go.

Mr. GALLINGER. Must he go immediately?

Mr. OVERMAN. He is ready to go, and he can not go unless this bill is passed.

The PRESIDENT pro tempore. The Senator from North Carolina asks for the present consideration of the bill he has indicated.

Mr. GALLINGER. Let it be read for the information of the Senate.

The PRESIDENT pro tempore. The Secretary will read the bill.

The Secretary read the bill, as follows:

Be it enacted, etc., That the President is hereby authorized to reappoint to the Cavalry arm as an extra number, with such rank as he would have had if he had never been retired, Maj. Chalmers G. Hall, of the United States Army, retired.

Mr. SMITH of Georgia. I should like to ask if the law does not already make provision for this case?

Mr. OVERMAN. The trouble is the law was limited in its effect to the 1st of October.

Mr. SMITH of Georgia. I merely wanted the information.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

COST OF OFFICERS' UNIFORMS.

Mr. JONES of Washington. There was a bill, Senate bill 3433, reported by the chairman of the Committee on Military Affairs to-day relating to the purchase of soldiers' uniforms. I spoke to the chairman of the committee about calling up the bill, and he had no objection; but he is not here. He has one or two amendments that he desires to offer to the bill, to which I shall have no objection. I simply wish to say that I hope to call up the bill sometime this afternoon when the chairman of the

committee is here. He has been sent for, but I think he is engaged and can not be here just now.

Mr. GALLINGER. Mr. President, I think we are falling into a rather bad practice in having bills reported in the morning and within an hour called up for consideration, even before they are printed and on our desks. I do not know that I shall object to this bill, but I apprehended that a single day will not make any special difference about the matter, and that we ought to have an opportunity to read it before we are asked to consider it. I hope the Senator will let it go over until to-morrow.

Mr. JONES of Washington. I wish to say to the Senator that this is a bill concerning soldiers' uniforms, and—

Mr. GALLINGER. I am in great sympathy with the purpose of the bill.

Mr. JONES of Washington. I realize the force of the suggestion up to-morrow by unanimous consent.

Mr. GALLINGER. Doubtless the Senator can do so.

Mr. JONES of Washington. I realize the force of the suggestion of the Senator. So I shall not call it up this afternoon, but hope to be able to call it up to-morrow morning in the morning hour.

The PRESIDENT pro tempore. The morning business is closed.

RAILROAD CONTROL.

Mr. SMITH of South Carolina. I move that the Senate proceed to the consideration of the bill (S. 3752) to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill.

Mr. TOWNSEND. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	New	Smoot
Beckham	James	Norris	Sterling
Borah	Johnson, Cal.	Nugent	Thomas
Colt	Johnson, S. Dak.	Phelan	Thompson
Culberson	Jones, N. Mex.	Pittman	Tillman
Curtis	Jones, Wash.	Poincxter	Townsend
Dillingham	Kellogg	Pomeroy	Trammell
Fernald	Kenyon	Reed	Vardaman
France	Kirby	Robinson	Weeks
Gallinger	McCumber	Saulsbury	Williams
Gerry	McKellar	Shafroth	Wolcott
Gronna	McNary	Sheppard	
Harding	Martin	Shields	
Henderson	Nelson	Smith, S. C.	

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER] on account of illness.

The PRESIDENT pro tempore. Fifty-three Senators have answered to their names. There is a quorum present.

Mr. SMITH of South Carolina obtained the floor.

Mr. ROBINSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH of South Carolina. I do.

Mr. ROBINSON. This is a measure of very great importance, and I suggest to the Senator, if it will not interfere with his remarks, that the bill be read.

Mr. SMITH of South Carolina. That course will be agreeable to me.

The PRESIDENT pro tempore. The Secretary will read the bill.

The Secretary read the bill, as follows:

Be it enacted, etc., That the President, having in time of war taken over the possession, use, control, and operation (called herein Federal control) of certain railroads and systems of transportation (called herein carriers), is hereby authorized to agree with and to guarantee to any such carrier making operating returns to the Interstate Commerce Commission that during the period of such Federal control it shall receive as just compensation not exceeding an annual sum (herein called standard return), payable in reasonable installments, for each year and pro rata for any fractional year of such Federal control, equivalent as nearly as may be to its average annual railway operating income (including therein such income of lines acquired by, leased to, or consolidated with such carrier between July 1, 1914, and December 31, 1917) for the three years ended June 30, 1917, and in addition thereto an annual sum payable likewise in reasonable installments, reckoned at a rate per cent to be fixed by the President upon the cost of any additions or betterments, less retirements, or road extensions, made during the six months ended December 31, 1917, in the computation of such income, debits and credits arising from the accounts called in the monthly reports to the Interstate Commerce Commission equipment rents and joint facility rents shall be included. The standard return and the cost of such additions, betterments, or road extensions are to be ascertained by the Interstate Commerce Commission from the reports, books, and other pertinent data of such carrier and certified by it to the President. Its certificate shall, for the purpose of such agreement, be taken as conclusive of the amount of such average annual railway operating income and of such cost. Until otherwise ordered by the President, operating revenues may be received by the carriers as here-

tofore and expended by them, subject to the provisions of this act, as heretofore, but any net railway operating income in excess of such standard return shall be paid into the Treasury of the United States and placed in the revolving fund created by this act.

Every such agreement shall provide that any Federal taxes under the act of October 3, 1917, or acts in addition thereto or in amendment thereof, commonly called war taxes, assessed for the period of Federal control beginning January 1, 1918, or any part of such period, shall be paid by the carrier out of its own funds, or shall be charged against or deducted from the standard return; that other taxes assessed under Federal or any other governmental authority for the period of Federal control or any part thereof, either on the property used under such Federal control or on the right to operate as a carrier, or on the revenues or any part thereof derived from operation (not including, however, assessments for public improvements or taxes assessed on property under construction and chargeable under the classification of the Interstate Commerce Commission to investment in road and equipment), shall be paid out of the revenues derived from railway operations while under Federal control; that all taxes assessed under Federal or any other governmental authority for the period prior to January 1, 1918, whenever levied or payable, shall be paid by the carrier out of its own funds or shall be charged against or deducted from the standard return.

The President is further authorized to make in such agreement all reasonable provisions for the maintenance, repair, and renewals of the property for the depreciation thereof and for the creation of necessary reserve funds in connection therewith to the end that at the termination of Federal control the property shall be returned to each carrier in substantially as good repair and in substantially as complete equipment as at the beginning of Federal control and that all just and proper accounting and adjustments be made, due consideration being given to the standards of maintenance and depreciation used by each carrier during the three years ended June 30, 1917, and to the condition of the property at the beginning and at the end of Federal control.

The President is further authorized in such agreement to make all other reasonable provisions, not inconsistent with the provisions of this act or of the act of August 29, 1916, that he may deem necessary or proper for such Federal control or for the determination of the mutual rights and obligations of the parties to the agreement arising from or out of such Federal control.

If the President shall find that the condition of any nondividend-paying carrier was during all or a substantial portion of the period of three years ended June 30, 1917, because of nonoperation, receivership, or where recent expenditures for additions or improvements or equipment when not fully reflected in the net operating railway income of the said three years or a substantial portion thereof, or other undeveloped or abnormal conditions, so exceptional as to make the basis of earnings, hereinabove provided for, plainly inequitable as a fair measure of just compensation, then the President may make with the carrier such agreement for such amount as just compensation as under the circumstances of the particular case he shall find just.

SEC. 2. That if no such agreement is made, the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding 90 per cent of the estimated annual amount of just compensation, remitting such carrier to its legal rights for any balance claimed to the remedies provided in section 3 thereof. Any amount thereafter found due such carrier above the amount paid shall bear interest at the rate of 6 per cent per annum, and any excess amount paid hereunder shall be recoverable by the United States with interest at the same rate.

SEC. 3. That all claims for just compensation not adjusted as provided in section 1 shall, on the application of the President or of any carrier, be submitted to boards, each consisting of three referees to be appointed by the Interstate Commerce Commission, members of which and the official force thereof being eligible for service on such boards without additional compensation. Such boards or referees are hereby authorized to summon witnesses, require the production of records, books, correspondence, documents, and other papers, view properties, administer oaths, and may hold hearings in Washington and elsewhere, as their duties and the convenience of the parties may require. Such cases may be heard separately or together or by classes, as the Interstate Commerce Commission or any board of referees to which any such case shall be referred may determine. Said boards shall give full hearings to such carriers and to the United States; shall consider all the facts and circumstances; and shall report as soon as practicable in each case to the President the just compensation, calculated on an annual basis and otherwise in such form as to be convenient and available for such agreement as is authorized in section 1. The President is authorized to enter into an agreement with such carrier for just compensation upon a basis not in excess of that reported by such board and may include therein provisions similar to those authorized under section 1. Failing such agreement, either the United States or such carrier may file a petition in the Court of Claims for the purpose of final ascertainment of the amount of such just compensation, and in the proceedings in said court the report of said referees shall be prima facie evidence of the amount of just compensation and of the facts therein stated.

SEC. 4. That the just compensation that may be determined as herebefore provided by agreement or that may be adjudicated by the Court of Claims shall be increased by an amount reckoned at a reasonable rate per cent to be fixed by the President upon the cost of any additions and betterments, less retirements, and upon the cost of road extensions to the property of such carrier made by such carrier with the approval of or by the President while such property is under Federal control: *Provided*, That there shall be no increase of compensation for any additions, improvements, or betterments constructed out of or purchased by the earnings for investment or surplus earned during the period of Federal control.

SEC. 5. That no carrier while under Federal control shall, without the prior approval of the President, declare or pay any dividend in excess of its regular rate of dividends during the three years ending June 30, 1917: *Provided, however*, That such carriers as have paid no regular dividends or no dividends during said period, may, with the prior approval of the President, pay dividends at such rate as the President may determine.

SEC. 6. That the sum of \$500,000,000 is hereby appropriated out of the Public Treasury from any funds not otherwise appropriated, which, together with any funds available from any operating income of said carriers, may be used by the President as a revolving fund for the purpose of paying the expenses of the Federal control, and so far as necessary the amount of just compensation, and to provide terminals, motive power, cars, and other necessary equipment, such terminals, motive power, cars, and equipment to be used and accounted for as the President may direct, and to be disposed of as Congress may hereafter by law provide.

The President may also, on or in connection with the property of any carrier, make or order any carrier to make any additions, betterments, or road extensions necessary or desirable for war purposes or in the public interest. He may from said revolving fund advance to such carrier all or any part of the expense of such additions, betterments, and road extensions so ordered and constructed by such carrier or by the President, such advances to be charged against such carrier and to bear interest at such rate and be payable on such terms as may be determined by the President, to the end that the United States may be fully reimbursed for any sums so advanced.

Any loss claimed to accrue to any carrier by reason of any such additions, betterments, or road extension so ordered and constructed may be determined by agreement between the President and such carrier; failing such agreement the amount of such loss shall be ascertained as provided in section 3 hereof.

From said revolving fund the President may expend such an amount as he may deem necessary or desirable for the utilization and operation of canals or for the purchase, construction, or utilization and operation of boats, barges, tugs, and other transportation facilities on the inland and coastwise waterways and may in the operation and use of such facilities create or employ such agencies and enter into such contracts and agreements as he shall decree in the public interest.

SEC. 7. That for the purpose of providing funds requisite for maturing obligations or for other legal and proper expenditures, or for reorganizing railroads in receivership, carriers may, during the period of Federal control, issue such bonds, notes, equipment trust certificates, stock and other forms of securities, secured or unsecured by mortgage, as the President may approve as consistent with the public interest. The President may purchase for the United States all or any part of such securities at prices not exceeding par, and may sell such securities whenever in his judgment it is desirable at prices not less than the cost thereof; any sums available from the revolving fund provided in section 6 may be used for such purchases.

SEC. 8. That the President may execute any of the powers herein and heretofore granted him with relation to Federal control through such agencies as he may determine, and may fix the reasonable compensation for the performance of services in connection therewith; and may utilize the personnel and facilities of the Interstate Commerce Commission and call upon members of such commission, or any of its employees, or employees of any department of the Government for such services as he may deem expedient. No such Federal official or employee shall receive any additional compensation for such services.

SEC. 9. That nothing herein contained shall be construed as modifying or restricting the powers heretofore conferred upon the President to take possession and assume control of any or all systems of transportation; and the President, in addition to the powers conferred by this act, shall have, and is hereby given, such other and further powers necessary or appropriate to give effect to the powers herein and heretofore conferred. The provisions of this act shall also apply to any carriers to which Federal control may be hereafter extended.

SEC. 10. That carriers while under Federal control shall, in so far as is not inconsistent therewith, or with the provisions of this act, or any other act applicable to such Federal control, or with any order of the President, be subject to all laws and liabilities as common carriers, whether arising under statutes or at common law; and suits may be brought by and against such carriers and judgments rendered as now provided by law. But no process, mesne or final, shall be levied against any property under such Federal control.

That whenever in his opinion the public interest requires the President may initiate rates by filing the same with the Interstate Commerce Commission. Said rates shall be fair, reasonable, and just and shall take effect at such time and upon such notice as he may direct, but the Interstate Commerce Commission shall, upon complaint, enter upon a hearing concerning the justness and reasonableness of so much of any order of the President as establishes or changes any rate, fare, charge, or classification of any carrier under Federal control, and may consider all the facts and circumstances existing at the time of the making of the rate. After full hearing the commission may make such findings and orders as are authorized by the act to regulate commerce as amended.

SEC. 11. That every person or corporation, whether carrier or shipper, or any receiver, trustee, lessee, agent, or person acting for or employed by a carrier or shipper, or other person, who shall knowingly violate or fail to observe any of the provisions of this act, or shall knowingly interfere with or impede the possession, use, operation, or control of any railroad property, railroad, or transportation system hitherto or hereafter taken over by the President, or shall violate any of the provisions of any order or regulation made in pursuance of this act, or of any other act concerning such possession, use, operation, or control, shall be guilty of a misdemeanor, and shall, upon conviction, be punished by a fine of not more than \$5,000, or, if a person, by imprisonment for not more than two years, or both. Each independent transaction constituting a violation of, or a failure to observe, any of the provisions of this act, or any order entered in pursuance hereof, shall constitute a separate offense. For the taking or conversion to his own use or the embezzlement of money or property derived from or used in connection with the possession, use, or operation of said railroads or transportation systems, the criminal statutes of the United States, as well as the criminal statutes of the various States where applicable, shall apply to all officers, agents, and employees engaged in said railroad and transportation service while the same is under Federal control, to the same extent as to persons employed in the regular service of the United States. Prosecutions for violations of this act, or of any order entered hereunder, shall be in the district courts of the United States, under the direction of the Attorney General, in accordance with the procedure for the collection and imposing of fines and penalties now existing in said courts.

SEC. 12. That all pending cases in the courts of the United States affecting railroads or other transportation systems brought under the act to regulate commerce approved February 4, 1887, as amended and supplemented, including the commodities clause, so called, or under the act to protect trade and commerce against unlawful restraints and monopolies, approved July 2, 1890, and amendments thereto, shall proceed to final judgment as soon as may be, as if the United States had not assumed control of transportation systems; but in any such case the court having jurisdiction may, upon the application of the United States, stay execution of final judgment until the further action of Congress in respect of control of transportation systems by the United States.

SEC. 13. That the Federal control of railroads and transportation systems herein and heretofore provided for shall not continue longer than 18 months after the proclamation of peace terminating the war in which the United States is now engaged: *Provided, however*, That the President may, prior to July 1, 1918, relinquish control of all or any part of any railroad or system of transportation further Federal con-

trol of which the President shall deem not needful or desirable; and the President may at any time during the period of Federal control agree with the owners to relinquish all or any part of any railroad or system of transportation: *Provided further*, That the President may relinquish all railroads under Federal control at any time he shall deem such action needful or desirable. No right to compensation shall accrue to any owner from and after the date of relinquishment for property relinquished under authority of this section. But this act is expressly declared to be emergency legislation enacted to meet conditions growing out of war; and nothing herein is to be construed as expressing or prejudicing the future policy of the Federal Government concerning the ownership, control, or regulation of carriers or the method or basis of the capitalization thereof.

Mr. ROBINSON. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The absence of a quorum is suggested. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Gronna	Norris	Sutherland
Beckham	Harding	Nugent	Thomas
Borah	Hardwick	Poincxter	Thompson
Chamberlain	James	Ransdell	Tillman
Cummins	Johnson, S. Dak.	Robinson	Townsend
Curtis	Jones, Wash.	Shafroth	Vardaman
Dillingham	Kellogg	Sheppard	Watson
Fernald	Kenyon	Simmons	Wolcott
France	Lewis	Smith, S. C.	
Gallinger	McKellar	Smoot	
Gerry	New	Sterling	

Mr. SUTHERLAND. I wish to announce the absence of my colleague [Mr. Goff] on account of illness.

Mr. GRONNA. I wish to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] is absent because of illness in his family. I will let this announcement stand for the day.

The PRESIDING OFFICER. The call of the roll shows that 41 Senators are present, not a quorum. The Secretary will call the names of the absentees.

The Secretary called the names of the absent Senators, and Mr. ASHURST, Mr. JOHNSON of California, Mr. KING, Mr. MARTIN, Mr. SAULSBURY, and Mr. WARREN answered to their names when called.

Mr. OVERMAN, Mr. HENDERSON, Mr. HITCHCOCK, Mr. SWANSON, Mr. McNARY, Mr. OWEN, Mr. UNDERWOOD, and Mr. SHERMAN entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-five Senators have answered to their names. There is a quorum present. The Senator from South Carolina will proceed.

Mr. SMITH of South Carolina. Mr. President, I am sorry that because of the lunch hour there are so few Senators here, as I have been informed by those in authority to speak, that the settlement of the railroad question, now that the Government has assumed control of the railroads, is one of paramount importance, for the reason that it is seriously affecting the financial situation. The railroads, as we all know, through their property and their securities, are related to the financial and commercial world in such a vital manner that it is jeopardizing the whole interests of the country for this matter of determining their status under the new condition to be suspended.

Mr. President, I hope that as far as possible all other business and subjects of debate will be laid aside until a disposition is made of the bill. It is not that I am seeking to have passed a bill that I have in charge by virtue of my position as chairman of the committee, but it is because of the vital necessity to the Nation that this question, involving practically twenty billions of dollars, shall be settled.

The action precipitating the necessity of legislation on the part of the Senate has already been taken. The roads are now in the possession and control of the Government of the United States, while the property is still in the hands of the private owners. That situation creates uncertainty and doubt and is reflecting itself, at this crucial time in our history, in such embarrassment in the financial world that we ought to see to it that it is now disposed of at the earliest possible time; and I hope that the Senate may be able to continue the consideration of this bill until it shall finally act and determine what disposition it shall make of it.

Mr. President, some very vital principles were necessarily involved by this radical and, perhaps, unprecedented change from the system heretofore obtaining in the management of our common carriers. They are in part public property and in part private property. They have been operated by private individuals during all the time since their introduction into our economic life, and they are now operated by the public, with private individuals still maintaining their ownership. The whole question is so vast and so vital to us at this time that I sincerely hope we may expedite the consideration of this measure to its final conclusion without any unnecessary hindrance.

In order that we may get clear the viewpoint of a majority of the committee in considering the bill before the Senate, it is perhaps well to give some of the facts that have led up to and resulted in the Government assuming possession and control of these properties.

The policy of the Government in relation to the railroads, up to the time of assumption of control by the Government, was to encourage competition amongst the several railroads, at least so far as service was concerned. Governmental regulation properly began with the creation of the Interstate Commerce Commission by the act of 1887. Since the creation of the commission the regulation and control of railroads, particularly in reference to rate, has been progressive.

The original act of 1887 empowered the commission to order carriers to cease from any violation of the act and to award reparation for past injuries. In 1906 the act was further amended, giving the commission the power to prescribe maximum rates for the future and to prescribe divisions of through rates. In 1910 it was still further amended by giving the commission the power to suspend rates, upon its own initiative or upon complaint, pending the investigation of such rates as to their justness and reasonableness, and in 1917 the act was still further amended, for a definite period—that is, that it should be operative up till January 1, 1920, requiring the railroads to obtain permission of the commission before filing tariffs containing any increased rates.

From this series of progressive statutory regulations it will be seen that the railroads, so far as their revenues were concerned, were practically under the control of the Interstate Commerce Commission; that the income that they received for rendering service to the American public was practically in the hands of a Federal body constituted by Congress, to which were delegated certain legislative functions.

The outbreak of the war in Europe, even before the entrance of America into the conflict, created a vastly increased volume of traffic for the railroads. This volume increased as the war proceeded, until the war traffic, plus the domestic traffic in certain railroad districts, was taxing the facilities of the roads beyond their power to adequately handle it. The congestion in these districts reacted throughout the country, so that it seriously affected the movement of all classes of freight.

The New England States, being largely a manufacturing center, and the port of New York principally, also Baltimore and Philadelphia, being the outlet for this traffic, all lines converging to these points, both in the carrying of their raw material and their finished product to these ports. The result was that the mouth of the funnel, to use an illustration, was so blocked that empty cars could not be gotten out and loaded cars could not be gotten in, thereby affecting the entire traffic of the country.

In the hearings before our committee the difficulty that was testified to by most of those who appeared before us was not that there were not, perhaps, adequate railroad facilities for meeting the conditions that were upon us, but that the concentration of freight and traffic at certain points so tied up the facilities—cars, box cars, coal cars—that actually when they were emptied they could not be gotten out on account of the roads being so congested with other freight. To relieve this situation there was organized in Washington under the auspices of the Council of National Defense a subcommittee known as the Railroad War Board. This board consisted of certain railroad officials, whose object was to cooperate, as far as the law would allow, with the Government in mobilizing as best they might the traffic of the country in the emergency. The result of their efforts was not satisfactory, at least it did not give the relief that the circumstances imperatively demanded.

This failure, in part at least, grew out of the restrictive laws in the interstate commerce act, forbidding the pooling of cars and of freight. It also may be noted, in connection with the two restrictive powers above mentioned, that the interstate commerce act gave to the shipper the right to route his freight over whatever lines he chose. This also was an obstacle in the way of distributing freely and efficiently the traffic of the country.

On May 29, 1917, in what is known as the Esch car-service act, the Interstate Commerce Commission was given the power "whenever the commission shall be of opinion that the necessity exists for immediate action * * * at once, if it so orders, without answer or other formal pleading with the interstate carrier or carriers, and with or without notice herein with the making or filing of a report * * * to suspend the operation of any or all rules, regulations, or practices then established with respect to car service for such time as may be determined by the commission, and also authority to make such just and reasonable directions with respect to car service during such

time as in its opinion will best promote car service in the interest of the public and the commerce of the people."

This enabled the railroads, in cooperation with the commission, without violation of law to utilize the car service more effectually. It did not, however, change the law in reference to the right of the shipper to route his shipments. This act was helpful and was utilized by the railroad commission to its fullest, but the situation still did not improve to the extent that the circumstances demanded. Therefore, the right of the shipper to route his freight still being in force, there resulted a continued congestion of traffic in the great centers for manufacture and export in spite of the Esch Act and in spite of the effort on the part of railroads. The shippers of the country naturally ordered from and shipped to during this emergency the points that they had been in the habit of using, and the routes and the rates established by the railroads under the supervision of the Interstate Commerce Commission had been utilized for a long period of time by them; they were familiar with them, had regulated their business according to them, and therefore, for commercial reasons, there was no change in the situation so far as routing over congested roads was concerned. The congestion at the great eastern termini and its resulting effects upon the entire traffic of the country still remained so acute that it was threatening both the war activities and the commerce of the entire country.

On August 29 Congress enacted the following:

The President, in time of war, is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same to the exclusion, as far as may be necessary, of all other traffic thereon for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as may be needful or desirable.

On December 1, 1917, the Interstate Commerce Commission made the following report in reference to the situation. I assume at this point, Mr. President, that those who have appreciated the importance of this legislation and the gravity of the situation have acquainted themselves with the recommendations made by the Interstate Commerce Commission. Under the laws they were required from time to time to make such recommendations as they thought pertinent and proper, and they made a recommendation which, without reading, I ask to have incorporated in my remarks.

The PRESIDING OFFICER (Mr. WATSON in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

SPECIAL REPORT OF THE INTERSTATE COMMERCE COMMISSION.

WASHINGTON, D. C., December 1, 1917.

To the Senate and House of Representatives:

The act to regulate commerce requires the commission to transmit to the Congress such recommendations as to additional legislation relating to regulation of commerce as the commission may deem necessary. Under this mandate the commission submits the following special report, supplementing its annual report, with reference to transportation conditions as affecting and affected by the war in which the United States is now engaged.

The railroads of the country came into being under the stimulus of competition. From the outset their operation and development have been responsive to a competition which has grown with the growth of population and industry. This competitive influence has been jealously guarded and fostered by State laws and constitutions, as well as by the Federal law. The keenness of rivalry naturally drew to the front those who were quick to seize and resolute to retain every available point of vantage for their respective roads. Terminals, if confined to exclusive use, were not only of strategic importance, but profit-yielding assets. Out of competition grew rate wars, pooling, mergers, and consolidation into systems, as well as the rebating and other preferential treatment of shippers which the act to regulate commerce was primarily framed to prevent.

In that act the Congress, accepting the competitive principle as salutary, has thrown about it prohibitions against compacts for the pooling of freights or divisions of earnings of different and competing railroads, and, while the original act is but the nucleus of the act we now administer, that prohibition has remained unchanged.

But original act and successive amendments were alike framed in times of peace and for times of peace. They looked to protection of the shipper and the public against unjust or unfair treatment by the carrier and not to protection of the Nation and its commerce in time of war by utilization of all the forces and resources of its transportation systems to their fullest extent.

Since the outbreak of the war in Europe, and especially since this country was drawn into that war, it has become increasingly clear that unification in the operation of our railroads during the period of conflict is indispensable to their fullest utilization for the national defense and welfare. They must be drawn, like the individual, from the pursuits of peace and mobilized to win the war. This unification can be effected in one of two ways, and we see but two.

The first is operation as a unit by the carriers themselves. In the effort along this line initiated early in this year they are restricted by State and Federal law, and the idea is the antithesis of that which heretofore has controlled their activities. Their past operations have been competitive, although since the Hepburn Act, and especially since the Mann-Elkins Act, the prescription by this commission of reasonable maximum rates and charges for rail carriers subject to the act, and the exercise of its power to require abatement of unjust discrimination or undue prejudice, have in great degree restricted that competition to the field service. But whether or not perpetuation of the competitive influence is desirable under a system of Government regulation, it is

apparent that operation of our railroads as a unit involves the surrender by each of exclusive use of terminal facilities, surrender at times of profitable traffic to other carriers, and acceptance of less profitable traffic, with resultant loss of revenue, wherever economy of movement or greater freedom from congestion would dictate that course if the various carriers were in fact but one.

The alternative is operation as a unit by the President during the period of the war as a war measure under the war powers vested in him by the Constitution and those which have been or may be conferred by the Congress.

As bearing upon the alternatives thus stated it will be recalled that since the beginning of the war in 1914 the traffic offered to and moved by the railroads has increased enormously. Prior thereto there had been occasional periods of car shortage, usually restricted in territory, but it may be said that from 1907 down to 1916 the number of cars in the country exceeded the demand. This subject is treated in our annual report.

The sudden, unforeseen, and unprecedented demand for transportation occasioned by the war placed a strain upon the facilities and equipment of the railroads which they were not and are not prepared to meet. There was created a need for immediate and extensive additions to existing facilities and equipment. This need is coincident with demands upon capital, as well as upon labor, manufactures, and natural resources, such as we have never known. Important additions and betterments will require new capital.

The railroads propose essentially that we allow increases in freight rates of such magnitude that their increased earnings will attract investors by dividends declared or by the prospect of dividends in competition with securities issued by Federal, State, and municipal Governments, public-utility corporations, and industries organized and operating primarily for gain as distinguished from public service. Some of the latter have yielded large profits since the outbreak of the war.

An attempt to secure new capital would come at a time when the rising cost of living has made it difficult for those dependent for support upon their earnings to meet their current expenses; after the absorption by American capital of two-thirds of the American securities owned abroad prior to August 1, 1914, the railroad securities returned to this country alone amounting to from \$1,700,000,000 to \$2,000,000,000; after financing in this country of loans to our present allies; and after subscription for almost \$6,000,000,000 of liberty loan bonds.

Even if the railroads had more money, the immediate construction of necessary facilities and equipment could not readily be effected. Labor is scarce and the cost is mounting. So with materials and supplies. Car and locomotive builders are largely engaged in producing equipment needed abroad, both by our allies and by our own forces in the conduct of the war. The steel and other materials needed for such construction, as well as the labor, are also needed in other phases of the conflict. Under such conditions and pending the acquisition of such additional facilities and equipment it is indispensable that those now in existence should be used to their fullest capacity, primarily for the uses which are most vital to the country's defense and welfare, but without unnecessary hindrance to the industry and commerce of our people, upon which their ability to contribute toward the success of the war so largely depends.

The act to regulate commerce was not enacted to meet such a situation. The carriers have the right to demand at our hands, and it is our duty to approve, just and reasonable rates sufficient to yield fair returns upon the value of the property devoted to public use after necessary expenditures for wages, fuel, and supplies, reasonable expenditures for maintenance, renewals, and betterments properly chargeable to operating expenses, and appropriate depreciation. Measured in dollars, the gross revenues of the carriers during the past and current fiscal years exceed any in their history. But what the dollar will buy in labor, material, and supplies is substantially less.

We are sensible of the vital and imperative need of the hour that our railroads shall not be permitted to become less efficient or less sufficient. We realize the gravity of a serious breakdown of our transportation facilities. It is unthinkable that this breakdown would be permitted if it could be prevented. Increased charges for carriage, if found necessary to take care of unavoidable increases in operating expenses, would not at this time bring new capital on reasonable terms in important sums.

In our opinion the situation does not permit of temporizing. All energies must be devoted to bringing the war to a successful conclusion, and to that end it is necessary that our transportation systems be placed and kept on the plane of highest efficiency. This can only be secured through unification of their operation during the period of the war.

If the unification is to be effected by the carriers, they should be enabled to effect it in a lawful way. To that end, in our judgment, the operation of the antitrust laws, except in respect of consolidations or mergers of parallel and competing lines, as applied to rail and water carriers subject to the act to regulate commerce, and of the antipooling provision of section 5 of that act, should be suspended during the period of the war, and until further action by the Congress. In addition, they should be provided from the Government Treasury with financial assistance in the form of loans or advances for capital purposes in such amounts, on such conditions, and under such supervision of expenditure as may be determined by appropriate authority. As a necessary concomitant the regulation of security issues of common carriers engaged in interstate commerce should be vested in some appropriate body, as has been recommended in our annual reports. The rights of shippers for reasonable rates and non-discriminatory service under the present jurisdiction of the commission need not seriously be interfered with by such unified control. Some elastic provisions for establishment of new routes would probably be needed.

If the other alternative be adopted and the President operates the railroads as a unit during the period of the war, there should be, in our opinion, suitable guaranty to each carrier of an adequate annual return for use of the property, as well as of its upkeep and maintenance during operation, with provision for fair terms on which improvements and betterments made by the President during the period of his operation could be paid for by the carrier upon return to it of the property after expiration of that period.

HENRY C. HALL, Chairman.

GEORGE B. MCGINTY, Secretary.

Attest:

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I do.

Mr. CUMMINS. Did the Senator from South Carolina include in his request for printing the report of Mr. McChord, of the Interstate Commerce Commission? The Senator will remember that there were two reports—one made by the majority and the other by Mr. McChord.

Mr. SMITH of South Carolina. I did not incorporate that.

Mr. CUMMINS. I think it would serve a good purpose and be very well if the Senator would ask that the McChord report be printed at the same time.

Mr. SMITH of South Carolina. I will make that request, because I think in all fairness to the commission it should be included.

Mr. CUMMINS. It is in exact accord with what we have since done.

Mr. SMITH of South Carolina. Yes.

The PRESIDING OFFICER. Without objection, that will also be included in the RECORD.

The matter referred to is as follows:

WASHINGTON, D. C., December 5, 1917.

To the Senate and House of Representatives:

The special report of the majority of the commission leaves unsaid some things which should be plainly stated if prompt and sure relief is to be brought to the present transportation situation. That the lack of adequate railroad service, particularly in eastern territory, is serious at the present time and is a cause of grave concern for the coming winter months needs no demonstration. Everyone knows it who knows anything about present business conditions. That the industries of the country engaged in making war materials as well as those not so occupied require the very best service which can be given by the railroads is also clear. I fully concur in the statement of the majority report that "it is necessary that our transportation systems be placed and kept on the plane of highest efficiency," and also that "this can only be secured through unification of their operation during the period of war." But the majority report takes the position, at least by implication, that this unification may "be effected by the carriers" themselves. With that judgment I wholly disagree.

The carriers' cooperative effort at the present time is in charge of the "executive committee of the special committee on national defense of the American Railway Association." This committee in its public announcements calls itself the Railroad War Board. It is the fifth committee that the railroads have had in Washington to deal with the transportation situation since November, 1916. The first two of those committees were given no real authority, although the commission was advised by the executives that they had been given full power, or, as it was expressed in the case of the first committee, "all the power of the executives." These committees therefore were unable to cope with the situation despite earnest and praiseworthy efforts of their individual members, who were hampered by the unwillingness of certain railroads, acting under the restraint of executive influence, to carry out their instructions. These facts have been reported by the commission. (Car Supply Investigation, 42 I. C. C. 657.) In that report both the majority and the minority expressed the view that the situation could be improved by a committee of railroad officers to act in cooperation with this commission if the committee were given plenary power by all the railroads. In apparent response to that suggestion a third committee was sent to Washington, in January, 1917, but it also had not been given the promised power and was therefore not received. In February, 1917, a fourth committee was sent to Washington to enforce certain car-service rules. Not all of the railroads believed that these rules were workable, and hence the agreement giving power to this committee was incomplete and inadequate. With this experience behind it, the American Railway Association, on April 11, 1917, formed its special committee on national defense and centered the chief authority in its executive committee. The resolution by which this committee was formed recites that the railroads of the United States pledged themselves, with the Government of the United States, with the governments of the several States, and with one another, that during the present war they would—

"Coordinate their operations in a continental railway system, merging during such period all their merely individual and competitive activities in the effort to produce a maximum of national transportation efficiency."

It was understood that the coordination of railway operations in a continental railway system meant that cars would be used interchangeably and sent where they were most needed; that track and terminal facilities would be opened up to all railroads, so as to relieve congestion; and that locomotives would be at once requisitioned from some of the strong and less burdened railroads for use on the important lines which have been unable to give efficient service, largely because they were badly in need of motive power. Yet as late as November 24 the carriers' committee made an announcement from which the following is quote:

"The Railroad War Board to-day adopted revolutionary measures in order to relieve the congestion of traffic on the eastern railways. It directed that 'all available facilities on all railroads east of Chicago be pooled to the extent necessary to furnish maximum freight movement.' The effect will be that to the full extent that conditions render it desirable these railways will be operated as a unit, entirely regardless of their ownership and individual interests."

"The operating vice presidents of the eastern lines have been appointed a committee to operate as a unit all the lines involved, and have been given instructions and authority to adopt all measures which in their judgment may be necessary to relieve the present situation and assure the maximum amount of transportation."

"An important part of the plan adopted for the operation of the eastern lines is that of placing at their disposal the facilities of railways in other territories to such extent as may be necessary."

These measures—the pooling of cars, the operation of railways as a unit, the placing of facilities at the disposal of railways in other territories as needed—are essential steps in the coordination of railway operations "in a continental railway system," using the phrase of the resolution of April 11, but were not taken until November 24.

I do not wish to be understood as saying that the carriers' committee has not accomplished results, nor that the shippers have not cooperated with the carriers to get greater service from the available equipment, for the heavier car loading has been a very material factor of improvement. But our experience with railroad committees during the past year makes me believe that no voluntary committee can accomplish what the situation demands. One of the principal reasons is that the element of self-interest, the traffic influence, is a persistent factor in postponing and resisting measures that seek to disregard individual rights in the effort to secure transportation results as a whole. The "merely individual and competitive activities" and the established operating practices have their effect, despite directions or recommendations that have no sanction to enforce them except a voluntary agreement which is very general in character. There runs also in the activities of these committees the self-evident purpose to do whatever appears to be necessary to prevent the governmental authority from acting. For these and other reasons which it is not necessary to state I can not concur in a report to the Congress which apparently acquiesces in a continuation of control over the transportation situation by a committee appointed by the carriers themselves. The suggestions with reference to the antitrust laws, the antipooling provision of section 5 of the act, the desirability of Government loans for capital purposes, and the regulation of security issues undoubtedly have merit, but in my judgment their enactment into law will not make it possible for any committee appointed by the carriers to secure the full measure of transportation service which the present conditions demand.

The "unification" needed if our transportation systems are to be "placed and kept on the plane of highest efficiency," is the unification of the present diversified governmental control. At the present time there are several Federal agencies authorized by law to issue orders or directions with respect to transportation. This commission, by the car-service act approved May 29, 1917, was given very broad powers to issue summary directions with respect to the movement, distribution, exchange, interchange, and return of cars. The priority director, designated by the President for that purpose under the act approved August 10, 1917, is authorized to direct that traffic essential to the national defense shall be given priority in transportation, and he has made certain orders of that character. The transportation of troops and material of war, under the amendment to the act to regulate commerce approved August 29, 1916, is required upon the demand of the President to be given preference over all other traffic in time of war, and by direction of the Army and Navy Departments and the United States Shipping Board preference orders have been given for the transportation of a very large tonnage of war materials and supplies of all kinds. The administrations controlling fuel and food, to which adequate transportation is, of course, vital, have taken an active interest in the movement of those commodities through their appointed agents. Under this diversified control the carriers are not able to meet the requirements of the increasingly heavy tonnage which must be moved. In consequence the industries devoted to war purposes and those engaged in their normal business are suffering. There is no institution in which regularity of operation is more requisite than in transportation, but railroad operation is approaching a chaotic condition. A coherent plan must be worked out which shall provide for both the needs of the Government in the energetic prosecution of the war and the needs of general commerce. It is imperative that war material be given preference in transportation, but the financial sinews of war depend in large measure upon the successful operation of our manufacturing plants and business establishments.

I concur in the view that "the situation does not permit of temporizing," but I am convinced that the strong arm of governmental authority is essential if the transportation situation is to be radically improved. That authority must be unified to make possible action that is both vigorous and consistent. If the President elects to exercise the power given him under the act approved August 29, 1916, to take possession and assume control of the transportation systems, I believe that vastly improved transportation conditions can be promptly secured. For this course legislation assuring the carriers a fair return may be appropriate. If the President does not so elect, it is my judgment that the authority over the regulation of railroad operations now vested in the several agencies referred to, with such amplification as may be necessary, should be promptly centralized by act of Congress. All of the forces now at work upon the problem, including the carriers' executive committee and its numerous subcommittees, could be at once utilized under a single governmental administrative control.

C. C. McCHORD, Commissioner.

Mr. SMITH of South Carolina. Mr. President, on December 26 the President issued the following proclamation of governmental control of the railroads, together with an explanatory statement in reference thereto, which I presume all are familiar with, and, without reading, I ask that it be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

GOVERNMENT CONTROL OF RAILROADS.

By the President of the United States of America.

A PROCLAMATION.

Whereas the Congress of the United States, in the exercise of the constitutional authority vested in them, by joint resolution of the Senate and House of Representatives bearing date April 6, 1917, resolved:

"That the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States."

And by joint resolution bearing date of December 7, 1917, resolved:

"That a state of war is hereby declared to exist between the United States of America and the Imperial and Royal Austro-Hungarian Government; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial and Royal Austro-Hungarian Government; and to bring the conflict to a successful termination all the resources of the country are hereby pledged by the Congress of the United States." And whereas it is provided by section 1 of the act approved August 29, 1916, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," as follows:

"The President in time of war is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same, to the exclusion, as far as may be necessary, of all other traffic thereon, for the transfer or transportation of troops, war material, and equipment, or for such other purposes connected with the emergency as may be needful or desirable."

And whereas it has now become necessary in the national defense to take possession and assume control of certain systems of transportation and to utilize the same, to the exclusion, as far as may be necessary, of other than war traffic thereon, for the transportation of troops, war material, and equipment therefor, and for other needful and desirable purposes connected with the prosecution of the war:

Now, therefore, I, Woodrow Wilson, President of the United States, under and by virtue of the powers vested in me by the foregoing resolutions and statute, and by virtue of all other powers thereto me enabling, do hereby, through Newton D. Baker, Secretary of War, take possession and assume control at 12 o'clock noon on the 28th day of December, 1917, of each and every system of transportation and the appurtenances thereof located wholly or in part within the boundaries of the continental United States and consisting of railroads and owned or controlled systems of coastwise and inland transportation engaged in general transportation, whether operated by steam or by electric power, including also terminals, terminal companies, and terminal associations, sleeping and parlor cars, private cars and private car lines, elevators, warehouses, telegraph and telephone lines, and all other equipment and appurtenances commonly used upon or operated as a part of such rail or combined rail-and-water systems of transportation; to the end that such systems of transportation be utilized for the transfer and transportation of troops, war material, and equipment, to the exclusion so far as may be necessary of all other traffic thereon; and that so far as such exclusive use be not necessary or desirable such systems of transportation be operated and utilized in the performance of such other services as the national interest may require and of the usual and ordinary business and duties of common carriers.

It is hereby directed that the possession, control, operation, and utilization of such transportation systems, hereby by me undertaken, shall be exercised by and through William G. McAdoo, who is hereby appointed and designated Director General of Railroads. Said director may perform the duties imposed upon him, so long and to such extent as he shall determine, through the boards of directors, receivers, officers, and employees of said systems of transportation. Until and except so far as said director shall from time to time by general or special orders otherwise provide, the boards of directors, receivers, officers, and employees of the various transportation systems shall continue the operation thereof in the usual and ordinary course of the business of common carriers, in the names of their respective companies.

Until and except so far as said director shall from time to time otherwise by general or special orders determine, such systems of transportation shall remain subject to all existing statutes and orders of the Interstate Commerce Commission and to all statutes and orders of regulating commissions of the various States in which said systems or any part thereof may be situated. But any orders, general or special, hereafter made by said director shall have paramount authority and be obeyed as such.

Nothing herein shall be construed as now affecting the possession, operation, and control of street electric passenger railways, including railways commonly called interurbans, whether such railways be or be not owned or controlled by such railroad companies or systems. By subsequent order and proclamation, if and when it shall be found necessary or desirable, possession, control, or operation may be taken of all or any part of such street railway systems, including subways and tunnels; and by subsequent order and proclamation possession, control, and operation in whole or in part may also be relinquished to the owners thereof of any part of the railroad systems or rail-and-water systems, possession and control of which are hereby assumed.

The director shall, as soon as may be after having assumed such possession and control, enter upon negotiations with the several companies looking to agreements for just and reasonable compensation for the possession, use, and control of their respective properties on the basis of an annual guaranteed compensation above accruing depreciation and the maintenance of their properties equivalent, as nearly as may be, to the average of the net operating income thereof for the three-year period ending June 30, 1917, the results of such negotiations to be reported to me for such action as may be appropriate and lawful.

But nothing herein contained, expressed or implied, or hereafter done or suffered hereunder, shall be deemed in any way to impair the rights of the stockholders, bondholders, creditors, and other persons having interests in said systems of transportation or in the profits thereof to receive just and adequate compensation for the use and control and operation of their property hereby assumed.

Regular dividends hitherto declared and maturing interest upon bonds, debentures, and other obligations may be paid in due course; and such regular dividends and interest may continue to be paid until and unless the said director shall from time to time otherwise by general or special orders determine; and, subject to the approval of the director, the various carriers may agree upon and arrange for the renewal and extension of maturing obligations.

Except with the prior written assent of said director, no attachment by mesne process or on execution shall be levied on or against any of the property used by any of said transportation systems in the conduct of their business as common carriers; but suits may be brought by and against said carriers and judgments rendered as hitherto until and except so far as said director may, by general or special orders, otherwise determine.

From and after 12 o'clock on said 28th day of December, 1917, all transportation systems included in this order and proclamation shall conclusively be deemed within the possession and control of said director

without further act or notice. But for the purpose of accounting said possession and control shall date from 12 o'clock midnight on December 31, 1917.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done by the President, through Newton D. Baker, Secretary of War, in the District of Columbia, this 26th day of December, A. D. 1917, and of the independence of the United States the one hundred and forty-second.

By the President:

WOODROW WILSON.
ROBERT LANSING,
Secretary of State.
NEWTON D. BAKER,
Secretary of War.

STATEMENT OF THE PRESIDENT.

I have exercised the powers over the transportation systems of the country which were granted me by the act of Congress of last August because it has become imperatively necessary for me to do so. This is a war of resources no less than of men, perhaps even more than of men, and it is necessary for the complete mobilization of our resources that the transportation systems of the country should be organized and employed under a single authority and a simplified method of coordination which have not proved possible under private management and control. The committee of railway executives who have been cooperating with the Government in this all-important matter have done the utmost that it was possible for them to do; have done it with patriotic zeal and with great ability; but there were difficulties that they could neither escape nor neutralize. Complete unity of administration in the present circumstances involves upon occasion and at many points a serious dislocation of earnings, and the committee was, of course, without power or authority to rearrange charges or effect proper compensations and adjustments of earnings. Several roads which were willingly and with admirable public spirit accepting the orders of the committee have already suffered from these circumstances and should not be required to suffer further. In mere fairness to them the full authority of the Government must be substituted. The Government itself will thereby gain an immense increase of efficiency in the conduct of the war and of the innumerable activities upon which its successful conduct depends.

The public interest must be first served and, in addition, the financial interests of the Government and the financial interests of the railways must be brought under a common direction. The financial operations of the railways need not then interfere with the borrowings of the Government, and they themselves can be conducted at a greater advantage. Investors in railway securities may rest assured that their rights and interests will be as scrupulously looked after by the Government as they could be by the directors of the several railway systems. Immediately upon the reassembling of Congress I shall recommend that these definite guarantees be given: First, of course, that the railway properties will be maintained during the period of Federal control in as good repair and as complete equipment as when taken over by the Government; and, second, that the roads shall receive a net operating income equal in each case to the average net income of the three years preceding June 30, 1917; and I am entirely confident that the Congress will be disposed in this case, as in others, to see that justice is done and full security assured to the owners and creditors of the great systems which the Government must now use under its own direction or else suffer serious embarrassment.

The Secretary of War and I are agreed that, all the circumstances being taken into consideration, the best results can be obtained under the immediate executive direction of the Hon. William G. McAdoo, whose practical experience peculiarly fits him for the service and whose authority as Secretary of the Treasury will enable him to coordinate as no other man could the many financial interests which will be involved and which might, unless systematically directed, suffer very embarrassing entanglements.

The Government of the United States is the only great Government now engaged in the war which has not already assumed control of this sort. It was thought to be in the spirit of American institutions to attempt to do everything that was necessary through private management, and if zeal and ability and patriotic motive could have accomplished the necessary unification of administration it would certainly have been accomplished; but no zeal or ability could overcome insuperable obstacles, and I have deemed it my duty to recognize that fact in all candor, now that it is demonstrated, and to use without reserve the great authority reposed in me. A great national necessity dictated the action, and I was therefore not at liberty to abstain from it.

WOODROW WILSON.

Mr. SMITH of South Carolina. It will be noted that one of the recommendations of the Interstate Commerce Commission was closely followed in principle by the proclamation of the President. On December 28, through the Secretary of War, he formally took possession and control of the railroads of the country. As indicated in his proclamation, the operation of the roads under Government control was extended so as to include the entire traffic of the country as well as war material. It therefore became necessary to enact legislation in order to carry into effect the powers conferred by the act of August 29 and such other powers as were granted or implied in the declaration of war.

The bill under consideration was drafted by the administration and modified by the Interstate Commerce Committee of the Senate to meet the situation. The first essential point was what compensation would be offered to the railroads by the Government for the use of their properties while under Federal control and what should be the basis of computing this compensation. In the proclamation of the President, and in the bill drafted by the administration, it was suggested that the time of the taking over of the properties and the conditions existing when taken over should be considered, and that the earnings by the roads under war conditions should become the basis

of their compensation during the war period or the tenure of the Federal control. Therefore it is proposed in the bill, in pursuance of this idea, that the three war years—the fiscal years of 1915, 1916, and 1917—be taken as the basis to determine the average earning of the roads during the war period and to make compensation in accordance therewith. This seemed to the committee to be a fair basis of compensation, when it is considered that while all other corporate enterprises, as well as individual enterprises, not being subject to Federal regulation in regard to rates and charges were the beneficiaries of the extraordinarily high prices obtaining during the war period, the railroads, under the rules and regulations of the Interstate Commerce Commission, authorized by the commerce act, could not during this period increase their revenues except as those revenues were increased by increased traffic and travel, entailing on the railroads an increased service in comparison with the increased revenues from that service. There was an increase granted in rates in certain instances in the eastern district, but in the main the roads were practically operating under ante-war rates, and it is but just to say that though this increase was granted it was not put into operation in sufficient time to be reflected to any appreciable extent in the returns of the roads up to June 30, 1917, the terminus of the period contemplated as a basis for compensation, so that the compensation for the roads contemplated in the bill will not now reflect that increase in rates which was granted to them and which they would have enjoyed had they been left in possession of the property.

This basis of compensation is made to enable the President to enter into an agreement with the roads in lieu of all their lawful and constitutional rights, thereby avoiding the delays and difficulties that would necessarily result from attempting to ascertain what would be just compensation by due process of law.

It is believed, and confidently hoped, that the carriers will make the agreements, as provided in this bill, in order to avoid delay, and in order that the entire railroad and carrier facilities of the country may be utilized freely and wholeheartedly to meet the exigencies of the emergency that is now upon us. This contemplated compensation should appeal to the roads and the public in view of the fact that it is probable that this is approximately the amount that they would be likely to receive from a court decision.

The committee also gave due consideration to the financial situation that now exists and which influenced the committee in dealing with this subject of compensation. The basis of compensation is such as to guarantee to the security holders of these properties their usual interest and dividends, and to take care of such other obligations as they normally provide for, thus creating confidence in these securities and avoiding the embarrassment that might arise were they not secured at least at the rate that they had been receiving previous to and during the war.

The question of the real value of the property was not considered by the committee as a proper subject for this emergency legislation; that is, the committee took the facts as they appear in the reports to the Interstate Commerce Commission, filed in accordance with the law, as being the proper basis for them to act upon. The committee recognizes that the value of the properties is not definitely ascertainable. The Interstate Commerce Commission has not yet completed the valuation of the properties under the valuation act. From time to time the Interstate Commerce Commission has taken the investment in the properties, as stated in the annual reports, as providing the best basis available to show the trend of expenses and revenues in relation to the stated investment, and as representing the most accurate figure now available. The committee, therefore, in the absence of an accurate investment figure, has taken the aggregate net earnings of the properties as the basis to be applied under this act. In other words, the committee took the result of the railroad operations under the regulating power of Congress as a just basis to compute their compensation in time of this emergency. We did not think it was the time or the place to go into an exhaustive analysis to ascertain just what was the actual, real investment and what the roads might, as a result of that analysis, be entitled to. That would necessarily involve both time and litigation, and the result hoped for under this bill would have been made impossible.

The total property investment of all roads, as reported to the Interstate Commerce Commission, for the year ended June 30, 1916, was \$18,156,639,872. Class 1 roads, or those having annual operating revenues of more than \$1,000,000 and which receive approximately 96 per cent of the net operating revenue, had a property investment of \$16,872,373,900, as of June 30,

1916. This includes the investment of their nonoperating subsidiaries. It is estimated that on June 30, 1917, this investment of class 1 roads amounted to \$17,250,000,000.

Mr. THOMAS. May I interrupt the Senator for a moment?

Mr. SMITH of South Carolina. Certainly.

Mr. THOMAS. What does the Senator mean by the term "nonoperating" roads?

Mr. SMITH of South Carolina. That means the properties that are not actually used in operating activities. They have investments outside. The Senator, of course, will recall in his mind properties that are in no way actively employed in the railroad-operating activities. These class 1 roads receive about 95.87 per cent of the net operating revenues of all the roads, and the compensation provided for in this bill would approximate on their property \$896,259,264 per year. On this basis the \$896,259,264 for class 1 roads becomes when made to include all the roads of the country approximately \$935,000,000 annually.

It might be well for me to state here that certain reports that have gone abroad are to the effect that the Government is now considering a bill that will commit it to an annual payment to the railroads of approximately \$935,000,000, which is not correct.

Mr. SIMMONS. Is that the amount the Government would have to pay to the railroads?

Mr. SMITH of South Carolina. To the railroads if they took all the roads and made the compensation upon the basis that is suggested to be made to class 1 roads.

Mr. SIMMONS. That is based upon the prewar period?

Mr. SMITH of South Carolina. Yes.

Mr. SIMMONS. It has no reference to the value of the property out of which the money is earned?

Mr. SMITH of South Carolina. No.

Mr. SIMMONS. The question I want to ask the Senator is this: Suppose a railroad had no net earnings during the period which is made the basis of calculation, it would get no more than its earnings, though that might be less than the actual expense of operating the road.

Mr. SMITH of South Carolina. I will say to the Senator from North Carolina that there is provision made in another section of the bill for a basis of agreement with such roads as he has in mind.

Mr. SIMMONS. Suppose a railroad makes a million dollars after paying expenses—

Mr. SMITH of South Carolina. If the Senator will allow me, a little later I will come to that particular phase and see what provision the bill has made to take care of that situation.

Mr. SIMMONS. Of the deficit?

Mr. SMITH of South Carolina. Of the deficit.

Mr. SIMMONS. Very well.

Mr. SMITH of South Carolina. Of course, no definite figures can even be approximated until it is known definitely just what roads will be taken and operated under the act. There is a provision in the bill which gives the Government the right to make rejections of any road or roads up to July 1, 1918; after which time they can only be released during the period of the war by mutual agreement between the carriers and the Government.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I do.

Mr. CUMMINS. Before the Senator from South Carolina leaves section 1, which he has been discussing—

Mr. SMITH of South Carolina. I have not left it yet. This is just explanatory to another phase of section 1.

Mr. CUMMINS. I wish to ask the Senator a question. I do not know whether he has considered the matter very carefully or not, because it was not much discussed before the committee, but it will aid me in presenting the views which I intend to present during the consideration of the bill. I have a table in my office taken from the records of the Interstate Commerce Commission, comprising, I think, 17 roads or systems, just for illustration. These roads have now on hand more than \$800,000,000, either in cash or in nonrailroad property. I do not know nor do I suppose anyone could discover just how they have invested these sums of money. This particular item has no reference, of course, to physical railroad property which is being used in rendering the people of the country the service which is rendered. My question is, Has the Government taken over as a part of the railroad property, in the case of these 17 or 18 railroads, the \$800,000,000 which they now have on hand, not used in the operation of their systems of transportation?

Mr. SMITH of South Carolina. I will say frankly to the Senator that the hearings before the committee, the language of the bill, and the proclamation of the President do not con-

template taking over that property. I see the point that the Senator makes.

Mr. THOMAS. The act of August 29, 1916, would not permit it.

Mr. SMITH of South Carolina. It of course would become a factor in the argument that the Government is being taxed on the basis of property that they are not given the use of. I see the force of that.

Mr. CUMMINS. The question is not put in a disputatious way.

Mr. SMITH of South Carolina. I understand that.

Mr. CUMMINS. But it is really important for us to know whether the Government has taken over this vast sum of money which is now in the hands of the railroads.

Mr. SMITH of South Carolina. I understand that.

Mr. CUMMINS. I confess that it is a little difficult to reach a satisfactory conclusion upon the terms of the bill or upon the terms of the act of 1916. I think we shall be compelled to put an interpretation upon the law in that respect before we can advance safely toward a conclusion as to what is proper compensation. I would very much like to have the opinion of the Senator from South Carolina on that point. I say frankly that in my judgment neither the law of 1916 nor the bill we now have before us together with the action of the President puts this surplus or this money or property in the hands of the Government.

Mr. THOMAS. May I say a word here?

Mr. SMITH of South Carolina. I yield.

Mr. THOMAS. I was the author of the amendment to the act of August 29, 1916, which was quoted by the Senator from South Carolina a moment ago. I am not entirely familiar now with the exact phraseology that was used, but I certainly in preparing it had no intention of making it so operate as to invest the President with anything more than the power to control the possession of the physical property of the railroads for war purposes.

Mr. CUMMINS. I have always believed that to be the intent of the legislation and I think the language used was quite appropriate to express that intent, but it is claimed in some quarters that these railway corporations have been taken over as instrumentalities so that all their surplus and all their accumulations and all their profits, no matter whether necessary to the movement of traffic or not, have been taken over, and that we are awarding compensation to the corporations for all they have rather than for the instrumentalities of commerce in the way of transportation and service.

Mr. SMITH of South Carolina. I am sure the Senator has had presented to him tables showing the actual amount claimed to be invested in the physical property or in the operating property as contradistinguished from certain investments in nonoperating property, but the determination perhaps may be important before the conclusion of the consideration of this bill.

Mr. SIMMONS. If the Senator from South Carolina will permit me to interrupt him, the nine hundred million and odd dollars which the Senator spoke of a moment ago represented the net earnings of these railroads. Does that include the earnings from the nonoperating property to which he refers?

Mr. SMITH of South Carolina. No.

Mr. SIMMONS. It only includes the earnings of railroads proper, the physically operated railroad?

Mr. SMITH of South Carolina. Yes, sir.

Mr. WATSON. In regard to the phase of the subject which the Senator from Iowa [Mr. CUMMINS] has been discussing, the Senator from South Carolina will remember that the question as to whether or not cash in hand had been actually taken over by the proclamation of the President was dealt with by but one witness, as I now recall it, and he was Commissioner Anderson. My recollection is—if I am wrong the chairman will correct me—that his opinion was that cash in hand was not taken over nor were the other nonoperating properties. I recall that the question was asked him, for instance, as to the open ground north of the Senate Office Building, which, I think, belongs to the Baltimore & Ohio Railroad, "In your opinion was that taken over?" He said, "No; it was not." I recall also that it was the opinion of some of the railroad men who were present, as far as they were able to get any information on the subject, that that property was not taken over. But, on the other hand, my recollection is that the Director General has been construing the proclamation as placing in his hands that class of property also; that is, to pay the cash in hand.

Mr. SMITH of South Carolina. I am of opinion that before this debate is concluded I shall have a definite statement from those who are to take charge or who are now charged with the execution and administration of the law as to their construction of the point raised by the Senator from Iowa. What we are now

discussing in the bill, or the point to which I am addressing myself now, is the revenues the road received from operating activities, from which are to be subtracted the expenses incurred in such operation, and then the net is to be the compensation.

It is estimated that the net operating income of the roads in class 1 for the year ending June 30, 1917, was \$1,020,800,000. In 1916 the net operating income of these roads was \$984,872,959 and in 1915 it was \$683,104,833. It will be seen by these figures that in the fiscal year ending June 30, 1917, they had earned approximately \$36,000,000 more than in the year 1916 and \$337,000,000 more than in 1915, so that the average for the three years, which approximates the compensation that might be paid, is \$124,000,000 less than they earned during the fiscal year ending June 30, 1917.

Of course, it is a matter of mere speculation as to whether this increase, as reflected in the fiscal year 1917, would have been maintained, but the increase reflected in the returns of 1916 and 1917 makes it reasonable to suppose that they would have at least maintained the income of 1917. So that a majority of the committee believe that the basis of the proposed agreement was under the circumstances just.

Mr. CUMMINS. Mr. President, the figures which have just been stated by the Senator from South Carolina do not sound familiar to me, and I have given pretty close study to the subject. Unless there has been deducted from the net railway operating income of the year 1917 an estimate of the war taxes which the companies may be compelled to pay, the amount stated by the Senator, I think, is incorrect. I am sure he is in error with regard to the net railway operating income for 1915. I do not ask the Senator to recast his statement, but I could not allow it to stand without a suggestion that, as I understand the figures, they are not the ones that have been just reported by the Senator.

Mr. SMITH of South Carolina. Well, in justification of the quotation made by the Senator from South Carolina, I will state that these were the figures furnished me by the Interstate Commerce Commission as of yesterday. That commission is the final source of information, so far as I am concerned, and I will state also that the figures will be furnished to the Senator.

Provision is made in the bill, of course, to provide for such roads as are taken over as to which no agreement can be reached. That is the point to which the Senator from North Carolina called my attention.

Mr. THOMAS. Mr. President, the Senator from South Carolina is making a most intelligent and interesting exposition of one of the most important bills that ever came before the Senate or which ever will come before the Senate, and yet he is speaking to empty seats. In order, if possible, to induce Senators to remain and listen to this illuminating discussion, I again suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HENDERSON in the chair). The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Beckham	Johnson, S. Dak.	Norris	Smith, S. C.
Borah	Jones, Wash.	Overman	Smoot
Chamberlain	Kellogg	Pittman	Sterling
Culberson	Kenyon	Polindexter	Sutherland
Cummins	King	Pomerene	Thomas
Curtis	Kirby	Robinson	Thompson
Dillingham	Lewis	Saulsbury	Tillman
Fernald	Lodge	Shafroth	Trammell
France	McCumber	Sheppard	Underwood
Gallinger	McKellar	Shields	Vardaman
Gore	McNary	Simmons	Warren
Henderson	Myers	Smith, Ga.	Watson
James	New	Smith, Mich.	Wolcott

Mr. CURTIS. Mr. President, I desire to announce the absence of the Senator from New Mexico [Mr. JONES], the Senator from Arizona [Mr. ASHBURST], the Senator from North Dakota [Mr. GRONNA], and the Senator from Idaho [Mr. NUGENT] on official business.

Mr. CUMMINS. I desire to say in behalf of the Senator from Wisconsin [Mr. LA FOLLETTE] that he is detained at home on account of illness in his family.

Mr. VARDAMAN. I desire to announce the absence of the Senator from Louisiana [Mr. RANSDELL], the Senator from Minnesota [Mr. NELSON], the Senator from Ohio [Mr. HARDING], and the Senator from California [Mr. JOHNSON] in attendance on the Committee on Commerce.

Mr. MYERS. My colleague [Mr. WALSH] is still detained from attendance upon the floor of the Senate by the state of his health.

Mr. TRAMMELL. I desire to announce the unavoidable absence of my colleague [Mr. FLETCHER] on account of illness.

The PRESIDING OFFICER. Fifty-two Senators having answered to their names, there is a quorum present.

Mr. SMITH of South Carolina. Mr. President—

Mr. WATSON. Mr. President, before the Senator from South Carolina proceeds, will he allow me to interrupt him for a question?

Mr. SMITH of South Carolina. Certainly.

Mr. WATSON. I should like to ask whether or not, in the figures which the Senator gave, he was stating the aggregate for class 1 or for classes 1, 2, and 3?

Mr. SMITH of South Carolina. I was stating the aggregate in the one set of figures for all the roads, of course, but in the last figures of those roads which are reporting to the Interstate Commerce Commission there were included classes 1, 2, and 3.

Mr. WATSON. Well, does the Senator desire to modify those figures or to stand on them?

Mr. SMITH of South Carolina. I shall stand on them, subject to such modifications as further investigation may justify; in other words, the Senator from South Carolina desires to be thoroughly accurate in his statement of those figures; and if, upon examination, he finds that they should be modified to any appreciable extent, or to any extent, he will call attention to the matter.

To resume. Provision is made in the bill, of course, to provide for such roads as are taken over as to which no agreement can be reached. Section 2—and I will read section 2 in this connection, because it is directly connected with section 1 in forming a basis of agreement between the Government and the roads outside of the courts—provides:

That if no such agreement is made, the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding 90 per cent of the estimated annual amount of just compensation, remitting such carrier to its legal rights for any balance claimed to the remedies provided in section 3 thereof. Any amount thereafter found due such carrier above the amount paid shall bear interest at the rate of 6 per cent per annum, and any excess amount paid hereunder shall be recoverable by the United States with interest at the same rate.

It is also provided in section 3 "that all claims for just compensation not adjusted as provided in section 1 shall, on the application of the President or of any carrier be submitted to boards" or certain referees, who are empowered to require records, books, and correspondence, documents, and other papers, and after a full hearing of the case the President is authorized, upon the finding of these referees, to enter into an agreement with the carrier for just compensation upon a basis not in excess of that reported by such board, and may include therein provisions similar to those authorized under section 1.

In this section provision is also made for the Court of Claims to settle the amount of just compensation if the parties fail to agree.

The Government obligates itself, in the case of agreement, to keep the roads in practically the same repair as when taken over by the Government. It is provided that this may be done either by the roads out of their own funds or by the Government, as the particular case may require, but that records shall be kept in order that a just and fair settlement may be made and the extent to which the Government has kept its obligations be ascertained.

Provision is also made whereby any betterments and improvements may be taken care of by the roads, and the amount of compensation reckoned thereon, subject to the approval of the President, while such property is under Federal control. But it is provided that there shall be no increase of compensation for any additions, improvements, or betterments constructed out of or purchased by the earnings during the period of Federal control.

This is one of the difficulties that have presented themselves to the committee, and it is perhaps the most fruitful source of contention from some quarters. It is, in effect, that the railroads, out of their surplus, should not be allowed to make a capital investment of that surplus; that the railroads should be restricted in their earnings to a fair and reasonable percentage upon their actual capital investment; that fair and reasonable return to be an amount sufficient to pay the interest on their bonds and dividends on their stock, any amount above that to be denied in the rate making.

That theory might be all right, but in practice it amounts to this: Under our system of Federal control we have attempted to force competition in service by equalizing and rendering uniform, as far as possible, rates within competitive territory. This is absolutely necessary if we are to have competition of any sort. Let me illustrate: Four roads, I will say, run from Washington to New York; they are competing for the traffic; they can not compete in rates, because if preferential rates are given

to one road, then the others might as well go out of business, but the rates being made uniform they all compete for the business in service. It develops that road A gets twice as much traffic under the uniform rates as road B gets, and hence earns twice as much money as road B earns, and road A, therefore, earns a surplus beyond what would be a reasonable dividend and interest on the investment. If we lower the rate to road A in order that it may make a just and reasonable amount on the investment, we have still further increased its power to kill its competitor, because it will carry goods cheaper, while if we raise the rate to help road B we still further increase the surplus of road A. Now, the question arises if road A earns a surplus under conditions that we have created, and from which there seems to be no reasonable escape, shall it or shall it not be allowed to take this surplus which the circumstances have guaranteed and put it back into the property in the form of additions and betterments on which subsequently to charge another tax to the people? I confess that at this stage of my investigation of this question I can not see the difference between the money thus earned under rules and regulations that we have established and which when earned is being invested in further increasing the facilities of the property, and money not earned but borrowed from the bank invested in the property and being charged to it.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Minnesota?

Mr. SMITH of South Carolina. I yield.

Mr. KELLOGG. I should like to suggest to the Senator from South Carolina, as to the figures which the Senator gave on which the guaranteed income is based, that they are aggregate, and, I think, are arrived at in this way: The net operating income for 1917 was \$1,020,800,000. That includes class 1 railroads, embracing railroads having an operating revenue of more than \$1,000,000.

Mr. SMITH of South Carolina. That is correct.

Mr. WATSON. Is that for the calendar year?

Mr. KELLOGG. No; that is for the year ending June 30, 1917. Now, for the year 1916 the operating income was \$984,872,959.

Mr. SMITH of South Carolina. Those are exactly the figures I quoted.

Mr. KELLOGG. And for 1915, \$683,104,833. The average of those would amount to \$896,259,264, but as this did not include all the railroads—

Mr. SMITH of South Carolina. That is right.

Mr. KELLOGG. The Interstate Commerce Commission arrived at the total for all railroads by applying a percentage to that and made the guaranty on that basis \$935,000,000 in round figures.

Mr. SMITH of South Carolina. I made that statement.

Mr. KELLOGG. I did not know the Senator had done so.

Mr. SMITH of South Carolina. Yes; I made that statement, as will appear from the Record.

Mr. CUMMINS. Mr. President, I did not understand that the Senator from South Carolina limited his statement to class 1 roads.

Mr. SMITH of South Carolina. I did.

Mr. CUMMINS. I think when the Senator comes to review his remarks he will find that he omitted that qualification.

Mr. SMITH of South Carolina. I took pains, I thought, to call attention to the fact that class 1 roads received as compensation for their service about 96 per cent of the total, and therefore I proceeded upon that assumption, and stated that if all the roads were included the amount would be \$935,000,000.

Mr. CUMMINS. The Senator stated in the majority report that it would be \$945,000,000.

Mr. SMITH of South Carolina. Yes.

Mr. CUMMINS. And that amount would be increased from ten to fifteen million dollars by the added compensation for the increased investment after the 30th of June, 1917, and prior to the 1st of January, 1918.

Mr. SMITH of South Carolina. Yes. I will call the Senator's attention to the fact that the report was interpreted as facts, when it was really based upon the estimate of all the roads being taken in.

I am very sorry that the discussion on the point to which I have just adverted could not be heard by more of those who will have to vote on this bill, because it is one of the points of contention, and is one that will be perhaps debated more than any other in this bill. Because there was a difference of opinion, there was a provision put in this bill to this effect, as I have said, that there shall be no increase of compensation for any additions, improvements, or betterments constructed out of or purchased by the earnings during the period of Federal control.

Of course, that will come up for discussion later. In section 5 it is provided—

Mr. CUMMINS. Will it embarrass or unduly divert the Senator if I ask him a question upon the point that he has just been discussing or stating?

Mr. SMITH of South Carolina. I shall be very glad to have the question asked.

Mr. CUMMINS. I should like those who are here to have it in mind. The Senator from South Carolina has very frankly and clearly stated the difficulty in railway-rate regulation. It is what everybody concedes to be an unsolvable problem in adjusting rates for transportation, namely, that two roads or three roads or four roads being competitive rates that will make one company excessively rich will barely pay the expenses of another. The Interstate Commerce Commission has found it utterly impossible to reduce the rates for the more favored companies to the point that would pay only an adequate return upon the capital because the consequence of doing so would be to destroy another road that must be maintained in order to serve the community through which it passes.

Now, one of the questions that the Senate will have to determine is this: Does this impossibility of adequate regulation on the part of the Interstate Commerce Commission pass over to the lawmaking body when it comes to ascertain the just compensation for the use of the several properties; in other words, must we award to the so-called favored company a compensation that will be vastly in excess of the amount required for adequate return upon the investment for the reasons that compel the Interstate Commerce Commission to do the same thing in rate making? That is one of the vital, cardinal points in this bill; and I interrupted the Senator from South Carolina only to suggest that the obstacles in the way of the Interstate Commerce Commission are not in our way. Those obstacles do not relate to the ascertainment of the values of the property or the value of the use of the property, and we are free to do what is just and fair and right, although the Interstate Commerce Commission in adjusting rates could not limit rates as to some companies so that only adequate compensation for the service would be paid.

I wanted the Senators who are here to understand clearly the point of view from which I look at the subject, and which I intend, before we have finished, to elaborate and emphasize as fully and completely as it is within my power to do.

Mr. SMITH of South Carolina. Mr. President, I do not think the point raised by the Senator, or raised by myself and spoken of by the Senator, is one that we can lightly disregard. I heartily agree with him that the prohibition under which the Interstate Commerce Commission finds itself acting does not extend to this body. This body created that body and can modify at its will the rules under which its creature operates. But at this time, while we are in the throes of an emergency the like of which we will never see again, I do not think we can attempt to settle a question that pertains to times of peace without defeating the very purpose and object of this bill.

Railroad legislation was bad in times of peace, perhaps. I do not deny that it may have been. I am not committing myself one way or the other, because I have not had time to investigate this vexed and abstruse problem so as to get my bearings thoroughly. But I do maintain that this is not the time for us to undertake to settle problems that we inherit from peace times, which were perhaps bad then, as claimed by the Senator from Iowa, and have projected themselves into this emergency, calling for the most careful, painstaking readjustment, and final solution, for the reason, amongst others, that the personal equation is in this problem. I do not charge that the railroads are not as patriotic as other citizens; but I do state here and now that personal interest will, in spite of ourselves, affect us even in the discharge of the most sublime patriotic service, and if we attempt now to regulate the railroads as it is claimed they should have been regulated before the war period and should remain thus regulated after the war period, while we are debating that question here—necessarily without any reference to the war—it would defeat the purposes of the bill. The question raised by the Senator from Iowa is one of dollars and cents and not of service, in the crucial hour of America's travail. It is a question whether the commercial interests of America have been getting too much or too little service or whether the railroads have been getting too many dollars and cents. We are not discussing that now. We are discussing the service to be rendered by an indispensable element in our commercial life and how we can best get that service.

I am perfectly willing to leave that question for solution to a time when the shadow of impending disaster shall have passed, and then I will join the Senator from Iowa in solving what to my mind is the crux of the whole business—this very question

raised here; but I hope the Senator will understand that those of us of the committee who did not insist upon—who, in fact, opposed—entering into the discussion of that problem now did not do it because of a leaning toward the railroads or an indifference to the American people, the shippers. We did it because we recognized that even if it took \$200,000,000 to pour on the machinery of personal interest in order to get the greatest efficiency, we would pour it on in the greater interest of efficiency during times such as these. That is what actuated me, and I believe it is what actuated other members of the committee.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Minnesota?

Mr. SMITH of South Carolina. I do.

Mr. KELLOGG. If the Senator will pardon me, I should like to suggest that the point raised by the Senator from Iowa, as I understood it, was that the Interstate Commerce Commission was embarrassed because it could not reduce the rates of some road fortunately situated, earning too much, because if it did a competitor less fortunately situated would not earn enough, but that that condition does not bind the Congress.

It is true that if the Congress could simply appoint a commission or refer each railroad to the court to try through years of litigation and determine as to each road just how much was reasonable as just compensation for the use, that could be done; but that court would never find out how much should be paid until the time of use had passed, and, as I remember, the Senator from Iowa did not offer any amendment that secured that equalization. If he did, I should like to see it.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I yield.

Mr. CUMMINS. If the Senator from South Carolina will allow me, I will present my amendment in due time and will discuss it. It is sufficient to say now that, if adopted, it will save the American people about \$200,000,000 per year as compared with the compensation proposed in the bill. But I can not allow the impression to go abroad that I desire to bring about a situation in which all these roads must have their damages assessed in a legal tribunal, although the machinery for that is provided in the bill.

I understand and recognize as well as anyone can the desirability of an immediate adjustment; but I do not believe that in order to secure an immediate adjustment it is necessary to authorize the President to make just such agreements as the railroad companies demand. I am not willing to assume that their willingness to do right must be either coerced or bought. I am not willing to assume that they will not go forward and cooperate with the Director General in the operation of these roads so that they will be as efficient as they can be made.

The Director General is operating these roads now. He is not waiting for this bill, and could not wait for it. We are doing nothing more than, first, providing a means for ascertaining what the just compensation is; and, second, authorizing the President to make an offer which may result in a voluntary agreement that will settle the whole matter.

I hope we will authorize the President to make an offer that can be, in justice and good conscience, accepted by the railroads; but, in order to arrive at that standard, we will not find it necessary to settle the great problem to which the Senator from South Carolina refers. All that we will have to do, and that we must do in any event, is to reach a conclusion with regard to a standard that will afford just compensation for the use of these properties.

The Senator from South Carolina and the majority of the committee felt that a standard which was equal to the average net operating income for the last three years would be just. I do not think so. I have proposed another standard that is just as easy to analyze and apply as the standard proposed in the bill as it originally came from the administration. We are compelled to reach a conclusion upon it. We can not postpone it. I think I shall be able to demonstrate, and, I hope, convincingly, to the Senator from South Carolina that the standard which we here adopt will, as applied to at least 86 of the railroads and railroad systems of this country, give them a compensation of nearly \$200,000,000 per year more than they ought to have.

We must not forget, if the Senator from South Carolina will permit me, that when we make an arrangement that somebody shall receive money we at the same time make an arrangement by which somebody must pay money; and we have been looking altogether too much toward the satisfaction of those who are to receive the money, and altogether too little to the protection of those who are to pay the money.

I have not, and never have had, the very least doubt about the fidelity of the chairman of the committee. I know that he is just as wholly and thoroughly devoted to the public interest as I could claim to be, and I think that is true of every member of the committee. It is simply a difference of opinion. It will be fought out upon the floor of the Senate. I know that it will be fought out with complete recognition upon the part of every Senator of the integrity and uprightness of all other Senators. Let us make this, anyhow, an example of a debate in which there can be expressed difference of opinion without the least imputation concerning the motives of anybody who may be involved in the debate. I know that is the view of the Senator from South Carolina, and I intend to help him in every way I know how to preserve that atmosphere in this debate.

Mr. SMITH of South Carolina. I heartily concur in that.

In section 5 it is provided that without the prior approval of the President no roads under Federal control shall pay any dividend in excess of the regular rate of dividends during the year ending June 30, 1917. This was approved by the committee because of the possibility of serious market disturbances that might result from any abnormal increase of dividends on certain securities by railroads while under Federal control. They may have in hand a large surplus which they have under private control set aside for certain purposes that might not be needful while under Federal control, and in paying extraordinary dividends they might create a disturbance that at this time might be hurtful.

In section 6 a revolving fund of \$500,000,000 is provided for to meet any expenses that the Government might deem necessary in carrying out to the fullest extent the purposes of Federal control.

And this \$500,000,000 revolving fund might be added to by any net railway operating income in excess of the standard return.

The railroads under section 7 are authorized, with the approval of the President for purposes of reorganization in receivership or for meeting maturing obligations, and for other legal purposes, to issue such bonds, notes, equipment trust certificates, and other forms of securities as may be deemed consistent with public interest.

And the President is further authorized to purchase "all or any part of such securities at a price not exceeding par, and may sell such securities, whenever in his judgment it is desirable, at prices not less than the cost thereof." This is done in order to contribute to the stabilizing of the market and to avoid the dangers incident to such securities being allowed to be manipulated entirely by corporations or individuals during this period of necessary monopolization of financing by the Government.

Now, Mr. President, we come to the next question which, perhaps, gave the committee the greatest difficulty—the rate-making question. The trend of all regulation under the commission in reference to rates was to stabilize them, to make certain, as nearly as may be, rates and classifications and to eliminate the dangers of fluctuation. The whole rate structure as now obtains is so intimately interwoven with the commercial life of the country that a radical disturbance might result in disaster. It might create such confusion and embarrassment as a consequence as to jeopardize, if not destroy, the purposes of this bill. This has reference, of course, to the conditions in which we now find ourselves, the emergency that is now upon us.

It may be that the system and machinery of rate making is altogether wrong, that fares are in the wheat. The question is, Is this the time to eliminate them?

It is of course true that to avoid congestion or to remedy congestion, to mobilize and move the freight and traffic of this country expeditiously and satisfactorily it will become necessary to establish new routings and new rates. It may also become necessary to care for unforeseen increases and expenses to increase the revenue of the carriers by an increase of rates.

The difficulty presented therefore to the committee was that of the two conflicting principles—one to maintain as far as possible the stability of rates, the other to grant the power to change rates to meet the changed conditions incident to the emergency now on us. Therefore a compromise was reached as embodied in this bill, to the effect that the rules, regulations, classifications, and rates as now obtain in the tariffs filed with the Interstate Commerce Commission shall continue, except where the Director General deems it in the interests of the public and for the carrying out of the purposes of this war-emergency act, to initiate new rates and new routings to meet that condition. And in the event of a new rate and a new routing being initiated, upon complaint the Interstate Commerce Commission is still vested with the power to review the rates as heretofore and make their findings and orders as heretofore.

In other words, the progressive stages of the legislation regarding rate regulation had in the interest of rate stability

gradually taken away from the carriers in practical effect the power to initiate rates except upon the prior approval of the commission. That power is now restored to the Director General, subject, however, to the review of the Interstate Commerce Commission.

The bill provides—and to this I invite the attention of the Senators, and particularly the attention of the Senator from Iowa—that a railroad or railroads, system or systems, or any part thereof, may be rejected or released from Federal control prior to July 1, 1918, and it is probable that quite a per cent of the railroads will not be taken under Federal control. Some difficulty may arise as to the adjustment of the two rate-making forces that will then exist. The Interstate Commerce Commission will have jurisdiction, as now, over such roads as are not taken over, governed by the regulating statutes now existing, while a radical modification will be in existence in reference to the Government-controlled roads.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. SMITH of South Carolina. I do.

Mr. CUMMINS. I am very glad the Senator from South Carolina emphasized the point he has just made. He will remember, of course, that I was one of the members of the committee who did not accept the amendment which now appears in the bill; and the thought just suggested by the Senator was one of the reasons which compelled me to dissent from it.

I offered an amendment, out of which probably the compromise grew, which provided—and I shall offer it again on the floor of the Senate—that as to rates for general commerce, not rates for Government troops or Government property, the President should have no other power than is now exercised by the carriers. If that amendment had been adopted—as I hope it will be adopted when it comes to the Senate—the difficulty pointed out just now by the Senator from South Carolina would disappear, and we would not have two tribunals making rates for the transportation of property in general commerce.

Mr. SMITH of South Carolina. Mr. President, the reason why I called the Senator's attention to it was that this difficulty occurred to me in my investigations of this matter while I was preparing myself for the effort that I am now making. I was desirous that the Senate should know the problems sought to be solved in the bill; upon the Senate in part rests the responsibility of its ultimate solution. I shall not comment on this. I am calling attention to the fact that if, as now seems to be probable, a considerable per cent of the roads are left outside of Government control, they will, ipso facto, be under the jurisdiction of the Interstate Commerce Commission, while the balance of the roads, with which they cooperate and exchange freight and move and do the commerce of the country, will be under another jurisdiction.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Colorado?

Mr. SMITH of South Carolina. I yield.

Mr. THOMAS. It would seem that the simpler solution of that problem would be to provide in this bill that all the lines of transportation should be taken over and operated under one system by the Government.

Mr. SMITH of South Carolina. The alternative whether all shall be operated by the Interstate Commerce Commission or whether they shall all be operated by the Government is the question, it seems to me, that will appeal to the intelligence of this body.

Mr. CUMMINS. Mr. President, I want to say in that regard that I offered in the committee, and I have now presented to lie on the table of the Senate, an amendment which provides that there can be no competition between the Government and privately owned railroads. In other words, it provides—

Mr. THOMAS. Mr. President, I suppose the Senator means that there should be no competition. Of course there can not be, as a matter of fact.

Mr. CUMMINS. Well, I meant that there should be none, rather than that there could be none. It provides that as to any independent line—that is, a line not owned or operated or controlled by another line—if its trunk-line competitor is, or its trunk-line competitors are, taken over and operated by the Government, then this line shall also be taken over and operated by the Government and shall be entitled to all the benefits of the provisions of this bill. There is no other way of even approaching justice, in my judgment.

Mr. THOMAS. I think the Senator is right.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH of South Carolina. I yield.

Mr. POMERENE. I have a very distinct recollection of the amendment to which the Senator from Iowa has referred, and one of the very great difficulties that I had in passing upon it was to determine when the one road was in competition with the other. I should like to have the Senator advise the Senate, if he can, how many roads would be taken under that plan which would not be taken under the present bill, or how many would be left out.

Mr. CUMMINS. Mr. President—

Mr. SMITH of South Carolina. If the Senator will pardon me, I have only a few minutes more.

Mr. CUMMINS. Allow me to answer that question for a moment, because the Senator from Ohio has asked it as though it were difficult to answer. It is not.

Mr. POMERENE. I shall be very glad to hear the explanation.

Mr. CUMMINS. It is very, very easy to determine whether one railroad competes with another or with others for business. That is a question of fact which mere observation always settles. The other question which the Senator proposes, and which I suppose was not really directed to me, is, How do we know what roads have been taken over and what roads have not been? I can not answer that question. Because nobody knows what roads have been taken over. That is one of the difficulties about this whole thing up to the present time. There has not been a definite notice given to any railroad company in the United States that it has been taken over and its operation assumed by the Government. There have been general notices given to all the railroads, which, however, the Director General—and I can easily see how he reached that conclusion—declared were sent out as matters of form and were not intended to fix the attitude of the Government toward the properties owned by the companies to which the notices were sent.

Mr. POMERENE rose.

Mr. SMITH of South Carolina. I shall have to insist upon proceeding. I have only a few more remarks to make. However, I would like before leaving the point that is now at issue to call attention to the conclusion that seems to have been reached by some of the Senators, which is that it has had to throw the Government in entire control in the rate-fixing field with the commission. I should like to throw out this suggestion without comment for the Senators to be thinking upon pending such time as the final decision on that point. You must also take into consideration the purpose for which this bill was drafted. It is to keep the confidence of the shipping public in the stability of their rates as nearly untouched as may be. You and I can theorize, but you know and I know that there is no more terrific influence which can be brought to bear upon the machinery of commerce or finance than uncertainty as to the methods under which they are to do business, and as long as that is subject to violent fluctuation and uncertainty you are likely to paralyze the very sinews upon which this war is to be determined.

A majority of the committee agreed that the period at which Federal control should terminate should be 18 months after the declaration of peace.

This length of time was given because if between the cessation of hostilities and the termination of the 18-month period conditions should be obvious that demanded treatment, a sufficient time should be provided to meet the conditions thus arising.

Railroad operations during the war have made radical changes imperative to meet the emergency. Everything, every force and energy of the American people, should be held in readiness for the service of the Government in protecting itself and in maintaining its institutions.

Every necessary grant of power should be given to accomplish this purpose, and the powers thus granted should be used with all the wisdom and care that the executors and administrators of these powers can command. They should exercise these powers with the same care, hesitancy, and scrutiny with which we grant them, because the fate of the American people in the wise execution of these powers is precedent to the extension of still further powers.

The Nation is willing to sacrifice and is sacrificing whatever it is called upon to sacrifice for the supreme purpose in view; but it must be borne in mind that the sacrifices now made are for the successful prosecution of the war. When success shall come, as it will come, the problem of readjustment, of gathering up the lines that have fallen during this period of conflict, the prosecution of business upon the return of peace can not be determined until that time. We are now meeting the abnormal conditions growing out of the war, and meeting them with principles radically opposed to the principles invoked and operated during times of peace.

Democracy is making the supremest sacrifice that can be made, temporary suspension of certain precious principles, in order that she may perpetually preserve those principles for her progress and development in times of peace.

The PRESIDING OFFICER (Mr. HENDERSON in the chair). The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. THOMAS. If there is no further important business before the Senate I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 35 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, February 12, 1918, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

MONDAY, February 11, 1918.

The House met at 12 o'clock noon.

The Rev. William Couden, of Washington, D. C., offered the following prayer:

Heavenly Father, new every morning is the love our wakening and uprising prove. Be with us in our conscious thought throughout the day. And renew within us our homage to Thee, our interest in our work, our fidelity to duty, our fealty to honor, and our loyalty to our country. As disciples of Jesus the Redeemer we ask these things. Amen.

The Journal of the proceedings of Saturday, February 9, and Sunday, February 10, was read and approved.

EXTENSION OF REMARKS.

Mr. SLEMP. Mr. Speaker, I ask unanimous consent to insert in the Record an article by Vernon C. Barker, entitled "The Criminal v. International Law."

The SPEAKER. The gentleman from Virginia asks unanimous consent to extend his remarks by printing an article entitled "The Criminal v. International Law." Is there objection?

Mr. WALSH. Mr. Speaker, I object.

Mr. REAVIS. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise? Mr. REAVIS. To ask unanimous consent, Mr. Speaker, to extend my remarks by inserting in the Record a newspaper article written by the gentleman from Indiana [Mr. BLAND] concerning the trip to the Hawaiian Islands of the congressional party recently made.

The SPEAKER. The gentleman from Nebraska [Mr. REAVIS] asks unanimous consent to extend his remarks in the Record by printing an article written by the gentleman from Indiana [Mr. BLAND] on his observations in the Hawaiian Islands. Is there objection? [After a pause.] The Chair hears none.

JOINT MEETING OF THE TWO HOUSES.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution which I send to the Clerk's desk.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the resolution.

The Clerk read as follows:

House concurrent resolution 35.

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

Mr. WALSH. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Massachusetts rise?

Mr. WALSH. To reserve the right to object. I desire to ask the gentleman from North Carolina if he thinks so important a resolution as this should be considered with so few Members of the House here?

Mr. KITCHIN. Well, I rather think this could be considered and after that the gentleman could have a roll call if he desires.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

Mr. BARNHART. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. The gentleman from Indiana makes the point of order that there is no quorum present. The Chair will count.

Mr. BARNHART. Mr. Speaker, I withdraw the point of order.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed without amendment the following resolution:

House concurrent resolution 35.

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, the 11th day of February, 1918, at 12 o'clock and 30 minutes in the afternoon for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

ENROLLED JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled joint resolution of the following title:

S. J. Res. 128. Joint resolution granting to certain persons in the active war service an extension of time within which application for insurance may be made under section 401 of the act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, as amended by the act approved October 6, 1917.

HOUSING FOR SHIPYARD EMPLOYEES.

The SPEAKER. The gentleman withdraws the point of order. The House automatically resolves itself into the Committee of the Whole House on the state of the Union for the consideration of Senate bill 3389.

Mr. ALEXANDER. Mr. Speaker, as I understand from the statement of the Chair, the House will go into the Committee of the Whole House on the state of the Union automatically on this bill?

The SPEAKER. The Chair made a mistake. The bill is to be considered in the House as in Committee of the Whole House on the state of the Union.

Mr. ALEXANDER. I do not understand—

Mr. GILLETT. Under what rule is it to be considered in the House?

The SPEAKER. Why, the ordinary rule. The Chair has got the thing wrong the second time. This bill is to be considered in the Committee of the Whole House on the state of the Union under the five-minute rule.

Mr. ALEXANDER. Mr. Speaker, the agreement, I think, was to this effect, that the bill be made a special order following the Diplomatic and Consular appropriation bill and that the House amendment by way of a substitute to the Senate bill should be considered as an original bill. There is only one section in the bill, and it was further agreed that it should be considered by paragraphs under the five-minute rule. I suppose it is in order to move to go into the Committee of the Whole House on the state of the Union for the consideration of this bill (S. 3389).

Mr. MADDEN. Mr. Speaker, I would like to ask the gentleman from Missouri a question, or rather to make a statement. While it was agreed that the bill should be considered under the five-minute rule that did not preclude the right of general debate on the bill.

The SPEAKER. That is exactly what the Chair would hold if he were presiding over the Committee of the Whole House on the state of the Union.

Mr. GILLETT. May I ask the gentleman a question?

The SPEAKER. The Chair will read the order:

On motion of Mr. ALEXANDER, by unanimous consent,

Ordered, That consideration of the bill S. 3389 shall be in order immediately after the final disposition of the bill (H. R. 9314) making appropriations for the Diplomatic and Consular Service, etc.; that the House substitute for said Senate bill (S. 3389) shall be considered in lieu thereof, as an original bill, and that said substitute shall be considered in the Committee of the Whole House on the state of the Union under the five-minute rule and read by paragraphs for amendments.

Mr. GILLETT. May I ask the gentleman from Missouri—the gentleman did not intend by that to cut off all general debate?

Mr. ALEXANDER. No; and before going into the Committee of the Whole House on the state of the Union I was going to ask unanimous consent that general debate in the Committee of the Whole House on the state of the Union may be confined to two hours, the debate to be upon the merits of the bill, half of the time to be controlled by myself and the other half by the ranking minority member, the gentleman from Massachusetts [Mr. GREENE].

Mr. GREENE of Massachusetts. Mr. Speaker, I have had a number of requests for time on the bill, and it was thought by those who have talked to me about it that they would like to have at least two hours of general debate.

Mr. GILLETT. Mr. Speaker, I think there would be no disposition not to agree that the debate be confined to the bill. I expect we would agree to that, but I think the gentleman would admit that on an important bill of this kind there ought to be a liberal amount of general debate if it was confined to the bill.

Mr. KITCHIN. If we are to have liberal debate under the five-minute rule, could we not compromise on an hour and a half on a side?

Mr. GILLET. The gentleman says that the members of the gentleman's own committee want about two hours for general debate.

Mr. GREENE of Massachusetts. On my side of the House.

Mr. ALEXANDER. Mr. Speaker, I would like to conclude the consideration of the bill and pass it to-day, if possible, on account of the emergency; and I would be very glad if we could confine the general debate to an hour and a half on a side and have liberal debate under the five-minute rule.

Mr. GREENE of Massachusetts. I will agree to that. We want to get the bill through.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that the debate in the Committee on the Whole House on the state of the Union be limited to an hour and a half and the debate confined to the merits of the bill, one half of the time to be controlled by the gentleman from Massachusetts [Mr. GREENE] and the other half by myself.

The SPEAKER. Is the gentleman asking for an hour and a half altogether?

Mr. ALEXANDER. An hour and a half on a side—three hours altogether.

The SPEAKER. The gentleman from Missouri [Mr. ALEXANDER] asks unanimous consent that the general debate on this bill be limited to three hours, of which he will control an hour and a half and the gentleman from Massachusetts [Mr. GREENE] an hour and a half. Is there objection? [After a pause.] The Chair hears none. The House resolves itself into the Committee of the Whole House on the state of the Union for the—

Mr. MASON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MASON. I understood the gentleman to ask unanimous consent that the debate was to be limited to the merits of the bill.

The SPEAKER. Yes.

Mr. MASON. I did not so understand the Speaker. If so, I desire to object.

The SPEAKER. To what does the gentleman desire to object?

Mr. MASON. If the unanimous consent goes to the point of discussion as to the merits of this bill?

The SPEAKER. The unanimous-consent request was for three hours of general debate, an hour and a half to be controlled by the gentleman from Missouri and an hour and a half by the gentleman from Massachusetts [Mr. GREENE], and that debate be limited to the bill. Is there objection?

Mr. MASON. I object.

Mr. ALEXANDER. I think that the gentleman from Illinois can understand the imperative need of passing this bill as soon as possible.

Mr. MASON. I quite agree with you.

The SPEAKER. It is not debatable.

Mr. ALEXANDER. Mr. Speaker, I move that the general debate on this bill be limited to three hours.

Mr. WALSH. Mr. Speaker, a point of order.

The SPEAKER. For what purpose does the gentleman from Massachusetts rise?

Mr. WALSH. I make the point of order that the motion is not in order. You can not do that by a motion.

The SPEAKER. Was the gentleman making a motion?

Mr. WALSH. Yes. He was attempting to do so.

The SPEAKER. The gentleman from Virginia [Mr. SAUNDERS] will take the chair.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3389) to authorize and empower the United States Shipping Board Emergency Fleet Corporation to purchase, lease, requisition, or otherwise acquire improved or unimproved land, houses, buildings, and for other purposes.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The Chair will state that the House is now automatically in the Committee of the Whole House on the state of the Union pursuant to the unanimous-consent order. The gentleman from Missouri [Mr. ALEXANDER] asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Chairman, it is now about 20 minutes after 12 o'clock, and in a very few minutes the President of the United States is expected to be here to address the House,

and it will not be possible now in presenting this bill to have that attention which the importance of the subject demands.

Mr. KITCHIN. How much appropriation does the bill carry?

Mr. ALEXANDER. The bill carries an authorization of \$50,000,000, to be expended in providing housing facilities at the shipyards of the United States at which ships are being built for the Government now.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

The CHAIRMAN. Will the gentleman from Missouri yield to the gentleman from Pennsylvania?

Mr. MOORE of Pennsylvania. I have one question to ask. I wanted to know if he intended to press this bill in the excitement that is now on?

Mr. ALEXANDER. Oh, no. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SAUNDERS of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 3389 and had come to no resolution thereon.

RECESS.

Mr. KITCHIN. Mr. Speaker, I move that the House stand in recess until 12.25 o'clock.

The motion was agreed to.

Accordingly (at 12 o'clock and 20 minutes p. m.) the House stood in recess until 12.25 p. m.

JOINT MEETING OF THE SENATE AND HOUSE.

At 12 o'clock and 26 minutes p. m. the Doorkeeper, J. J. Sinnott, announced the President pro tempore [Mr. SAULSBURY] and the Members of the United States Senate.

The Members of the House rose.

The Senate, preceded by the President pro tempore, and by their Secretary and Sergeant at Arms, entered the Chamber.

The President pro tempore took the chair at the right of the Speaker and the Members of the Senate took the seats reserved for them.

The SPEAKER. The Chair appoints on behalf of the House the following committee: Mr. KITCHIN, Mr. SHERLEY, Mr. WEBB, Mr. DIXON, Mr. MANN, Mr. GILLET, and Mr. CANNON.

The PRESIDENT pro tempore of the Senate. The Chair on behalf of the Senate appoints Senators MARTIN, SIMMONS, ROBINSON, OVERMAN, GALLINGER, LODGE, and NELSON.

At 12 o'clock and 30 minutes p. m. the President of the United States, escorted by the committee of Senators and Representatives, entered the Hall of the House and stood at the Clerk's desk, amid prolonged applause.

The SPEAKER. Gentlemen of the Sixty-fifth Congress, I present the President of the United States. [Applause.]

ADDRESS OF THE PRESIDENT.

The PRESIDENT. Gentlemen of the Congress, on the eighth of January I had the honor of addressing you on the objects of the war as our people conceive them. The Prime Minister of Great Britain had spoken in similar terms on the fifth of January. To these addresses the German Chancellor replied on the twenty-fourth and Count Czernin, for Austria, on the same day. It is gratifying to have our desire so promptly realized that all exchanges of view on this great matter should be made in the hearing of all the world.

Count Czernin's reply, which is directed chiefly to my own address of the eighth of January, is uttered in a very friendly tone. He finds in my statement a sufficiently encouraging approach to the views of his own Government to justify him in believing that it furnishes a basis for a more detailed discussion of purposes by the two Governments. He is represented to have intimated that the views he was expressing had been communicated to me beforehand and that I was aware of them at the time he was uttering them; but in this I am sure he was misunderstood. I had received no intimation of what he intended to say. There was, of course, no reason why he should communicate privately with me. I am quite content to be one of his public audience.

Count von Hertling's reply is, I must say, very vague and very confusing. It is full of equivocal phrases and leads it is not clear where. But it is certainly in a very different tone from that of Count Czernin, and apparently of an opposite purpose. It confirms, I am sorry to say, rather than removes, the unfortunate impression made by what we had learned of the conferences at Brest-Litovsk. His discussion and acceptance of our general principles lead him to no practical conclusions. He refuses to apply them to the substantive items which must constitute the body of any final settlement. He is jealous of international action and of international counsel. He

accepts, he says, the principle of public diplomacy, but he appears to insist that it be confined, at any rate in this case, to generalities and that the several particular questions of territory and sovereignty, the several questions upon whose settlement must depend the acceptance of peace by the twenty-three states now engaged in the war, must be discussed and settled, not in general counsel, but severally by the nations most immediately concerned by interest or neighborhood. He agrees that the seas should be free, but looks askance at any limitation to that freedom by international action in the interest of the common order. He would without reserve be glad to see economic barriers removed between nation and nation, for that could in no way impede the ambitions of the military party with whom he seems constrained to keep on terms. Neither does he raise objection to a limitation of armaments. That matter will be settled of itself, he thinks, by the economic conditions which must follow the war. But the German colonies, he demands, must be returned without debate. He will discuss with no one but the representatives of Russia what disposition shall be made of the peoples and the lands of the Baltic provinces; with no one but the Government of France the "conditions" under which French territory shall be evacuated; and only with Austria what shall be done with Poland. In the determination of all questions affecting the Balkan states he defers, as I understand him, to Austria and Turkey; and with regard to the agreements to be entered into concerning the non-Turkish peoples of the present Ottoman Empire, to the Turkish authorities themselves. After a settlement all around, effected in this fashion, by individual barter and concession, he would have no objection, if I correctly interpret his statement, to a league of nations which would undertake to hold the new balance of power steady against external disturbance.

It must be evident to everyone who understands what this war has wrought in the opinion and temper of the world that no general peace, no peace worth the infinite sacrifices of these years of tragical suffering, can possibly be arrived at in any such fashion. [Applause.] The method the German Chancellor proposes is the method of the Congress of Vienna. We cannot and will not return to that. What is at stake now is the peace of the world. What we are striving for is a new international order based upon broad and universal principles of right and justice,—no mere peace of shreds and patches. Is it possible that Count von Hertling does not see that, does not grasp it, is in fact living in his thought in a world dead and gone? Has he utterly forgotten the Reichstag Resolutions of the nineteenth of July, or does he deliberately ignore them? They spoke of the conditions of a general peace, not of national aggrandizement or of arrangements between state and state. The peace of the world depends upon the just settlement of each of the several problems to which I adverted in my recent address to the Congress. I, of course, do not mean that the peace of the world depends upon the acceptance of any particular set of suggestions as to the way in which those problems are to be dealt with. I mean only that those problems each and all affect the whole world; that unless they are dealt with in a spirit of unselfish and unbiased justice, with a view to the wishes, the natural connections, the racial aspirations, the security, and the peace of mind of the peoples involved, no permanent peace will have been attained. They cannot be discussed separately or in corners. None of them constitutes a private or separate interest from which the opinion of the world may be shut out. Whatever affects the peace affects mankind, and nothing settled by military force, if settled wrong, is settled at all. [Applause.] It will presently have to be reopened.

Is Count von Hertling not aware that he is speaking in the court of mankind, that all the awakened nations of the world now sit in judgment on what every public man, of whatever nation, may say on the issues of a conflict which has spread to every region of the world? The Reichstag Resolutions of July themselves frankly accepted the decisions of that court. There shall be no annexations, no contributions, no punitive damages. Peoples are not to be handed about from one sovereignty to another by an international conference or an understanding between rivals and antagonists. National aspirations must be respected; peoples may now be dominated and governed only by their own consent. "Self-determination" is not a mere phrase. It is an imperative principle of action, which statesmen will henceforth ignore at their peril. We can not have general peace for the asking, or by the mere arrangements of a peace conference. It cannot be pieced together out of individual understandings between powerful states. All the parties to this war must join in the settlement of every issue anywhere involved in it [applause]; because what we are seeking is a peace that we can all unite to guarantee and maintain and every item of

it must be submitted to the common judgment whether it be right and fair, an act of justice, rather than a bargain between sovereigns.

The United States has no desire to interfere in European affairs or to act as arbiter in European territorial disputes. She would disdain to take advantage of any internal weakness or disorder to impose her own will upon another people. She is quite ready to be shown that the settlements she has suggested are not the best or the most enduring. They are only her own provisional sketch of principles and of the way in which they should be applied. But she entered this war because she was made a partner, whether she would or not, in the sufferings and indignities inflicted by the military masters of Germany, against the peace and security of mankind; and the conditions of peace will touch her as nearly as they will touch any other nation to which is entrusted a leading part in the maintenance of civilization. She can not see her way to peace until the causes of this war are removed, its renewal rendered as nearly as may be impossible.

This war had its roots in the disregard of the rights of small nations and of nationalities which lacked the union and the force to make good their claim to determine their own allegiances and their own forms of political life. Covenants must now be entered into which will render such things impossible for the future; and those covenants must be backed by the united force of all the nations that love justice and are willing to maintain it at any cost. [Applause.] If territorial settlements and the political relations of great populations which have not the organized power to resist are to be determined by the contracts of the powerful governments which consider themselves most directly affected, as Count von Hertling proposes, why may not economic questions also? It has come about in the altered world in which we now find ourselves that justice and the rights of peoples affect the whole field of international dealing as much as access to raw materials and fair and equal conditions of trade. Count von Hertling wants the essential bases of commercial and industrial life to be safeguarded by common agreement and guarantee, but he can not expect that to be conceded him if the other matters to be determined by the articles of peace are not handled in the same way as items in the final accounting. He cannot ask the benefit of common agreement in the one field without according it in the other. I take it for granted that he sees that separate and selfish compacts with regard to trade and the essential materials of manufacture would afford no foundation for peace. Neither, he may rest assured, will separate and selfish compacts with regard to provinces and peoples.

Count Czernin seems to see the fundamental elements of peace with clear eyes and does not seek to obscure them. He sees that an independent Poland, made up of all the indisputably Polish peoples who lie contiguous to one another, is a matter of European concern and must of course be conceded; that Belgium must be evacuated and restored, no matter what sacrifices and concessions that may involve; and that national aspirations must be satisfied, even within his own Empire, in the common interest of Europe and mankind. If he is silent about questions which touch the interest and purpose of his allies more nearly than they touch those of Austria only, it must of course be because he feels constrained, I suppose, to defer to Germany and Turkey in the circumstances. Seeing and conceding, as he does, the essential principles involved and the necessity of candidly applying them, he naturally feels that Austria can respond to the purpose of peace as expressed by the United States with less embarrassment than could Germany. He would probably have gone much farther had it not been for the embarrassments of Austria's alliances and of her dependence upon Germany.

After all, the test of whether it is possible for either Government to go any further in this comparison of views is simple and obvious. The principles to be applied are these:

First, that each part of the final settlement must be based upon the essential justice of that particular case and upon such adjustments as are most likely to bring a peace that will be permanent;

Second, that peoples and provinces are not to be bartered about from sovereignty to sovereignty as if they were mere chattels and pawns in a game [applause], even the great game, now forever discredited, of the balance of power; but that

Third, every territorial settlement involved in this war must be made in the interest and for the benefit of the populations concerned, and not as a part of any mere adjustment or compromise of claims amongst rival states; and

Fourth, that all well defined national aspirations shall be accorded the utmost satisfaction that can be accorded them

without introducing new or perpetuating old elements of discord and antagonism that would be likely in time to break the peace of Europe and consequently of the world.

A general peace erected upon such foundations can be discussed. Until such a peace can be secured we have no choice but to go on. [Applause.] So far as we can judge, these principles that we regarded as fundamental are already everywhere accepted as imperative except among the spokesmen of the military and annexationist party in Germany. If they have anywhere else been rejected, the objectors have not been sufficiently numerous or influential to make their voices recently audible. The tragical circumstance is that this one party in Germany is apparently willing and able to send millions of men to their death to prevent what all the world now sees to be just. [Applause.]

I would not be a true spokesman of the people of the United States if I did not say once more that we entered this war upon no small occasion, and that we can never turn back from a course chosen upon principle. [Applause.] Our resources are in part mobilized now, and we shall not pause until they are mobilized in their entirety. [Applause.] Our armies are rapidly going to the fighting front, and will go more and more rapidly. Our whole strength will be put into this war of emancipation—emancipation from the threat and attempted mastery of selfish groups of autocratic rulers—whatever the difficulties and present partial delays. We are indomitable in our power of independent action and can in no circumstances consent to live in a world governed by intrigue and force. [Applause.] We believe that our own desire for a new international order under which reason and justice and the common interests of mankind shall prevail is the desire of enlightened men everywhere. Without that new order the world will be without peace and human life will lack tolerable conditions of existence and development. Having set our hand to the task of achieving it, we shall not turn back.

I hope that it is not necessary for me to add that no word of what I have said is intended as a threat. That is not the temper of our people. I have spoken thus only that the whole world may know the true spirit of America—that men everywhere may know that our passion for justice and for self-government is no mere passion of words but a passion which, once set in action, must be satisfied. [Applause.] The power of the United States is a menace to no nation or people. It will never be used in aggression or for the aggrandizement of any selfish interest of our own. It springs out of freedom and is for the service of freedom. [Prolonged applause.]

At 12 o'clock and 40 minutes p. m. the President retired from the Hall of the House.

At 12 o'clock and 46 minutes p. m. the Speaker announced that the joint session had dissolved.

Thereupon the President pro tempore and Members of the Senate returned to their Chamber.

HOUSING FOR EMPLOYEES OF SHIPYARDS.

Mr. ALEXANDER. Mr. Speaker, I renew my request for unanimous consent that the general debate on this bill be limited to three hours, to be confined to the subject matter of the bill, one half to be controlled by myself and the other half by the gentleman from Massachusetts [Mr. GREENE].

The SPEAKER. The gentleman from Missouri renews his request for unanimous consent that the general debate on this bill be limited to three hours, one half to be controlled by himself and the other half by the gentleman from Massachusetts [Mr. GREENE], and that the debate be confined to the subject matter of the bill. Is there objection?

There was no objection.

The SPEAKER. The House automatically resolves itself into—

Mr. STAFFORD. Mr. Speaker, a question of order. How can the House automatically resolve itself?

The SPEAKER. Because of the rule, under a previous order of the House, printed on the first page of the Calendar. The House automatically resolves itself into Committee of the Whole House on the state of the Union, with the gentleman from Virginia [Mr. SAUNDERS] in the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3389) to authorize and empower the United States Shipping Board Emergency Fleet Corporation to purchase, lease, requisition, and otherwise acquire improved or unimproved lands, houses, buildings, and for other purposes, with Mr. SAUNDERS of Virginia in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 3389, which the Clerk will report by title.

The Clerk read as follows:

A bill (S. 3389) to authorize and empower the United States Shipping Board Emergency Fleet Corporation to purchase, lease, requisition, or otherwise acquire improved or unimproved land, houses, buildings, and for other purposes.

The CHAIRMAN. The gentleman from Missouri [Mr. ALEXANDER] is recognized.

Mr. ALEXANDER. Mr. Chairman, it is not my purpose to detain the committee long in the discussion of the provisions of this bill. This is a Senate bill that was referred to the Committee on the Merchant Marine and Fisheries on the 21st day of January. It has been given quite careful consideration by the committee, and was reported back to the House on the 4th day of February.

After considering the provisions of the Senate bill, various amendments were suggested in committee, and it was thought best to report to the House an amendment by way of a substitute for the Senate bill. A careful reading of the provisions of the Senate bill and a comparison with the provisions of the House substitute will disclose, I think, that there is no fundamental difference between the Senate bill and the House substitute.

In the House substitute we undertake to express more clearly and comprehensively the powers intended to be conferred by the Senate bill. Under the provisions of the shipping act the Shipping Board is given power to build ships. What are the implied powers of the Shipping Board under the express power conferred to build ships it is not necessary to speculate. The United States Shipping Board Emergency Fleet Corporation, in undertaking to carry out and exercise the powers conferred by the law, finds it necessary to provide houses for the workmen in our shipyards and we wish to remove every doubt as regards their power to do so. Just how the work may be done, whether the Government in the first instance shall buy the land, erect the houses, and rent them to the employees, or loan money to persons, firms, or corporations for that purpose, is a question the committee did not undertake to deal with, for the reason that the problems in the different shipyards are different; the local conditions are different, and the policy that might be best if applied to one shipyard might not be wise if applied to another.

You will note in subdivision (d) that we give the Emergency Fleet Corporation the power to loan money to persons, firms, and corporations, to be utilized in providing housing facilities for workmen engaged in building ships for the Emergency Fleet Corporation.

The committee discussed the question whether or not it would be practicable to place limitations on that power in the bill. Obviously it would be desirable if practicable. Representatives of the Emergency Fleet Corporation came before the committee and outlined their plans, which are quite comprehensive and businesslike, and if carried out I am quite sure will safeguard the interests of the Government so far as it is possible to do so.

We should not overlook the fact, however, that this is an emergency proposition; that these houses must be built as speedily as possible; that in some localities after the war the shipbuilding industry may not be as flourishing as it is now, the demand for houses may not be as great as now, and a loss will result to the Government. The Emergency Fleet Corporation does not know of any way to safeguard the Government against that possible loss. What we are interested in primarily is that this money shall be spent where the need is greatest and that it shall be economically spent; that waste will not occur in the expenditures for housing as it has occurred already in some shipyards, if not all of them, in other activities.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Missouri yield to the gentleman from Pennsylvania?

Mr. MOORE of Pennsylvania. Will it disturb the gentleman if I interrupt him now?

Mr. ALEXANDER. I yield.

Mr. MOORE of Pennsylvania. Has the committee given consideration to the advisability of providing in the law somewhere that contracts shall be awarded after advertising in the usual lawful way?

Mr. ALEXANDER. No; the committee has not, because the committee does not regard it as practicable to do so in view of the emergency and the uncertainties in the labor and material markets.

Mr. MOORE of Pennsylvania. I will say to the gentleman that some discussion has arisen, we might say advanced almost to the point of scandal, with regard to the awarding of contracts carrying a percentage plus commission, instead of having contracts awarded according to law, after advertisement. That

seems to have been an impediment in the way of the present Shipping Board's operations.

Mr. ALEXANDER. That is the most desirable plan, if it did not involve any delay. But these scandals, I will say, which have developed recently in connection with operations in certain shipyards, and especially Hog Island, can not be prevented unless the Emergency Fleet Corporation has direct and complete supervision and control over the expenditure of money, and I think that is what we all desire.

Now, if the gentleman will pardon me I will proceed. This bill provides—

That the United States Shipping Board Emergency Fleet Corporation is hereby authorized and empowered within the limits of the amounts herein authorized—

(a) To purchase, lease, requisition, or acquire by condemnation or otherwise any improved or unimproved land or any interest therein suitable for the construction thereon of houses for the use of employees of shipyards in which ships are being constructed for the United States.

(b) To construct on such land houses and all other necessary or convenient facilities, upon such conditions and at such price as may be determined, and to sell, lease, or exchange such houses, land, and facilities upon such terms and conditions as it may determine.

In some instances it may not be necessary to acquire the fee simple title to the land, hence the bill provides that the board are authorized—

(c) To purchase, lease, requisition, or acquire by condemnation or otherwise any houses or other buildings, together with the land on which the same are erected, or any interest therein, and all necessary and proper fixtures and furnishings therefor; to manage, repair, sell, lease, or exchange such lands, houses, buildings, fixtures, and furnishings upon such terms and conditions as it may determine to carry out the purposes of this act.

(d) To make loans to persons, firms, or corporations in such manner and upon such terms as it may determine from time to time to provide houses for the employees of such shipyards.

Mr. DOWELL. Will the gentleman yield for a question?

Mr. ALEXANDER. Just for a question.

Mr. DOWELL. How much is it anticipated by the committee will be used for these purposes?

Mr. ALEXANDER. The bill carries an authorization of \$50,000,000. I think the survey made by the Emergency Fleet Corporation up to this time, if their plans are carried out, would involve an expenditure of less than that sum. I think their plans, as stated by Mr. Hurley in the hearings before the Committee on Commerce of the Senate, in the investigation of the Shipping Board, involves the expenditure of \$35,000,000.

Mr. DOWELL. I think the gentleman did not get the meaning of my question. For the services just suggested by the gentleman, for the loaning to private persons to furnish equipment, how much will be required?

Mr. ALEXANDER. They have made no definite estimate yet. They can not say. The purpose is only to provide housing facilities at those shipyards where such facilities are absolutely necessary. If the difficulties can be solved by improving the means of transportation from the centers of population to the shipyards, it is preferable to do it in that way, because they recognize the probable loss in any investment made in housing facilities at the shipyards. But the problem is a difficult one. It had to be met in England. The testimony before our committee was to the effect that England has spent more than \$700,000,000 to house employees, not only in the shipyards but in those centers where her war industries are being carried on.

Mr. GILLET. I do not wish to interrupt the thread of the gentleman's argument, but I wish at some time he would tell us why this legislation is necessary. I supposed that the shipbuilding corporation already had the legal power. Of course, I appreciate that an appropriation is necessary; but I wondered if the gentleman would at some time in his remarks discuss the question of the lack of power now in the corporation and whether it is necessary to pass this bill to give them this power.

Mr. ALEXANDER. The only power the corporation has under existing law is to build ships.

Mr. GILLET. And to establish shipyards.

Mr. ALEXANDER. Of course, their legal department has advised them, so I understand, that they may exercise all the powers necessary to carry out the power to build ships; but I question whether or not it was the intent of Congress to vest in them the comprehensive powers that are intended to be conveyed by this bill, and I have been advised to the effect that the counsel for the shipyards where some of these housing facilities are to be provided question the power of the United States Shipping Board Emergency Fleet Corporation, without the enactment of this legislation, to go forward in the development of this housing plan. It would certainly be unfortunate if there should be any question about it.

In every instance where it is practicable I would rather that the Emergency Fleet Corporation should loan the money to persons, firms, or corporations and let them provide the housing

facilities. The plan suggested before the committee was that wherever practicable the shipyards would be required to provide the land, free and clear of incumbrance, and generally to invest at least 20 per cent of the total cost of the improvements. A small corporation would be organized for that purpose. The Emergency Fleet Corporation would provide that the stock in the corporation should be assigned to the Emergency Fleet Corporation. The Fleet Corporation would name the directors of the corporation. The money loaned would be secured by a first-mortgage lien on the land and all the improvements placed on the land. The Emergency Fleet Corporation would have control of the housing, the renting, and all the facilities. In other words, the purpose and intent is to provide the housing, but without any profit to the shipyards out of the housing proposition itself.

Mr. DOWELL. Will the gentleman yield for just one question there?

Mr. ALEXANDER. I yield to the gentleman.

Mr. DOWELL. Under this plan of loaning, is it the purpose of the committee, or do I understand the committee are entirely satisfied that all of this money will be returned again to this corporation making a loan, and if a loan is made that it will be entirely secure so far as the investment is concerned?

Mr. ALEXANDER. I think not, for this reason: A shipyard under contract to build ships is not willing to secure the Government by a first-mortgage lien not only upon the land on which the housing facilities are to be erected but on the whole of their shipbuilding plant. They are not willing to do that. They do not care to involve their shipbuilding plant proper in possible loss, but they are willing to purchase the land and give the Emergency Fleet Corporation a first-mortgage lien upon it, let the improvements be made with funds provided by the board, and finally in the liquidation, if it takes the land in order to make the Government whole, very well and good. But, as I say, that is one proposition that the Emergency Fleet Corporation is considering, and the committee did not think it practicable to write into the law all the provisions and limitations under which these loans should be made. As far as the hearings go, Mr. Flannery, who is the director of housing; Mr. Hurley, the president of the Emergency Fleet Corporation; and all officers who will be charged with the duty of carrying out the housing scheme directly interested are keenly alive to the importance of protecting the interests of the Government to the utmost. At the same time they are not unmindful of the fact that there will be ultimate loss to the Government unless improvements are made in communities that are growing, where the industry will not languish after the war, and where real estate values and the demand for houses will be stable or possibly increase.

Now, I will take just a few minutes to show the conditions at present. There are now about 180,000 men employed in the shipyards, according to a statement made before the committee by Admiral Bowles.

Mr. FOSS. How many shipyards are there?

Mr. ALEXANDER. One hundred and thirty-odd now devoted to building ships for the Government.

Mr. FOSS. Does this housing of employees provide for housing their families?

Mr. ALEXANDER. Mr. Flannery, director of housing, has that in view. It will be necessary to make provision for the employees and their families where the men are married; and where the men are unmarried they may be properly housed and cared for in clubhouses, or in some such way.

Mr. FOSS. Is it the intention to have the Shipping Board fix up some standard house to be built by private corporation or by the Government?

Mr. ALEXANDER. Yes. A housing commission has given great consideration to this question. Plans will depend on the location of the houses and whether or not we may expect them to be permanent in character after the war.

In New York, on Staten Island they have four yards close together. They employ about 5,500 men. They ought to employ from 11,000 to 12,000 to utilize their present facilities to their maximum capacity.

Now, it is the opinion of the Emergency Fleet Corporation that the problem may be solved in part by increasing the transportation facilities. But it is taking too optimistic a view of the situation to hope that ample provision for workmen in the shipyards on Staten Island will be made in that manner. It is very clear that an immense increase in the number of workmen must be made not only on Staten Island but at Bristol, Hog Island, Sparrows Point, and Newport News, and elsewhere or we cannot hope to turn out from four to five million tons of shipping this year, which is absolutely necessary if we are to provide for the loss of ships by enemy submarines and make ample provision for the increasing demand for ships to trans-

port our troops and munitions of war and food supplies to the front.

At Sparrows Point, Md., where the shipyard is capable with its present output to work 7,000 men, we only have 3,500 men. If we could provide houses for 3,500 more men, says Admiral Bowles, manager of the division of steel construction for the Emergency Fleet Corporation, we could obtain 75,000 tons of shipping additional at Sparrows shipyard annually.

The Hog Island shipyard, in Pennsylvania just a few miles out of Philadelphia, must be provided with ample housing facilities to accommodate the workmen. That is a Government shipyard in which the American International Corporation is under contract to build for the Government a large fleet of ships. The same condition is true at Newark, N. J., where the Submarine Boat Co. is under contract to build for the Government.

At Bristol, Pa., another Government yard is being built under the direction of the Emergency Fleet Corporation. At Bristol the Merchant Ship Building Corporation is under contract with the Emergency Fleet Corporation to build fourteen 9,000-ton ships for the Government.

At Hog Island the American International Corporation is under contract with the Emergency Fleet Corporation to build fifty 7,500-ton ships and seventy 8,000-ton ships. They are now engaged in building the shipyard and providing the facilities as agent of the Emergency Fleet Corporation. Not a keel has been laid yet, but much material has been assembled. The cost of the work thus far has been enormous and the progress very far from satisfactory. The housing facilities must be provided for the workmen in this shipyard, and as soon as possible, if we can hope to have the necessary workmen when the yard is completed and the building of ships is begun.

At Newark, N. J., the Submarine Boat Corporation is under contract to build for the Emergency Fleet Corporation 150 5,000-ton ships. In all, 410 ships, with an aggregate tonnage of 2,945,000 tons, are under contract to be built at the three yards named. These contracts were let by the Emergency Fleet Corporation many months ago, and it is the hope that the building of ships may soon go forward at a high rate of speed and the building program planned for the present year may be completed within the present year. These contracts provide for what are termed fabricated ships of standard types; and when once the shipyards are ready the keels of ships may be laid and the ships pushed very rapidly to completion.

Mr. HUSTED. Will the gentleman yield?

Mr. ALEXANDER. Yes; with pleasure.

Mr. HUSTED. The gentleman said that England had loaned money to private corporations for this purpose?

Mr. ALEXANDER. I said that she had expended \$700,000,000 for housing.

Mr. HUSTED. Loaned it to corporations?

Mr. ALEXANDER. There were different plans in different communities, and I would not undertake to state in detail what the plans were in each instance.

Mr. LINTHICUM. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. LINTHICUM. The gentleman stated that the shipyards were willing to purchase the land and give the Government a first mortgage?

Mr. ALEXANDER. Yes; in some places it may be more desirable to do so.

Mr. LINTHICUM. That would give a mortgage on the improvements, as well as the land.

Mr. ALEXANDER. The Government would hold a first lien on the land and improvements.

Mr. LINTHICUM. If the shipyards did not continue after the war, where would the Government stand?

Mr. ALEXANDER. That would be the Government's loss if there were no further demand for the houses and would be added to the cost of building the ships. We need the ships. That is the matter of prime consideration.

Mr. LINTHICUM. Speaking about Sparrows Point, I realize that housing facilities must be furnished them in order to get their full efficiency. They are building a repair shop for automobiles already near the shipyard at Sparrows Point which will employ three or four thousand men. Ought there not to be some provision for housing these people?

Mr. ALEXANDER. The emergency is to house people employed in building ships, and if other industries are being developed at Sparrows Point, so much the better, because our investment will be that much safer and there may be less loss at the end of the war.

Mr. WALDO. Will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. WALDO. Can the gentleman state what time it is going to take to erect these buildings? Are they going to be built immediately?

Mr. ALEXANDER. Not immediately. The plans are now under way and the building will begin as soon as authorized by Congress. It will take time, of course, to provide housing for an army of workmen.

Mr. WALDO. How long?

Mr. ALEXANDER. I can not state. We have seen some buildings go up in Washington as if by magic, to take care of the increased activities of the Government growing out of the war; if the buildings are of a temporary nature they can be built quickly. If more permanent, it will take longer. At Philadelphia, I am told, there are ample facilities. The house-building industry is dull all over the country at this particular time. Our information is to the effect that there will be plenty of skilled labor in the building trades available for that purpose.

Mr. HICKS. Can the gentleman inform the House how many ships at the present time have been built and turned out by the Shipping Board?

Mr. ALEXANDER. I can not. If the gentleman will turn to part 1 of the hearings before the Senate Committee on Commerce in the Shipping Board Emergency Fleet Corporation investigation, he will find the whole shipbuilding program from its inception, set out in great detail. I have not the time to go into it now.

Mr. LINTHICUM. This is a very important matter and I want to say that there was a gentleman in my office on Saturday who said he had a large number of houses a short distance from Sparrows Point upon which the Government had an option and that the Government had renewed the option, and yet they have not taken over the property. Is that because they are waiting the passage of this bill?

Mr. ALEXANDER. Yes; they have no power yet to take that property over.

Mr. LINTHICUM. I think there are a couple of hundred of these houses.

Mr. ALEXANDER. Obviously wherever houses are available, they want to take them over.

Mr. LINTHICUM. And they can not do it until this legislation is passed?

Mr. ALEXANDER. No.

Mr. MILLER of Washington. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. MILLER of Washington. Is there any provision for assisting in the housing facilities at navy yards where vessels are under construction?

Mr. ALEXANDER. I can not say whether there are any funds available for that purpose now or not; I do know that the Secretary of the Navy has the question under consideration. The Secretary of War has the same problem to solve, as it may be necessary to provide housing facilities at points where the Government has warehouses for munitions and supplies; but this proposition of the Shipping Board has been under consideration for three months past. They have advanced their plans as far as they can until this legislation is enacted, and hence it is important to enact this bill into law as speedily as possible. At a conference between the Secretary of War and the Secretary of the Navy, the chairman of the Shipping Board, and the Secretary of Labor a few days ago, at which were also present Senator FLETCHER, the chairman of the Senate Committee on Commerce, and myself, representing the Committee on the Merchant Marine, that whole question was brought up and discussed in an informal way. The Secretaries of War and the Navy called attention to their requirements, and if all the departments had coordinated their efforts in the first instance and one concrete proposition had been worked out and presented to apply to the Army and the Navy and the requirements of the Shipping Board, manifestly that would have been best, but that has not been done. The Shipping Board has done so, so far as the needs of the shipyards are concerned, and rather than incur delay and change the plan it was agreed all around that this proposition should go forward. We all agreed that the great problem of this war is ships with which to transport our men and munitions and foodstuffs to Europe and that the emergency brooks no delay. We can not provide ships unless we provide ample facilities to build the ships, and we can not provide ample facilities to build the ships unless we provide necessary housing for the workmen. I feel that to do so and to do it speedily will necessarily involve loss, loss in the sense that the Government will not get back 100 cents for every 100 cents spent in building

houses, but if we can meet the emergency, and if we can be assured of the expenditure of this money without unnecessary waste, the country will have reason to congratulate itself.

If I had time I would like to discuss conditions at the Hog Island shipyard. Perhaps they will be discussed before we get through. Up to this time great waste has obtained at Hog Island. The contract with the American International Corporation was in part framed by Gen. Goethals, but not consummated, and afterwards revised with the utmost care by Admiral Capps, who succeeded Gen. Goethals as manager of the Emergency Fleet Corporation, before signing. He thought he had safeguarded in every possible way the interests of the Government. He thought when he entered into a contract with the American International Corporation, the chairman of the board of directors of which is Mr. Frank A. Vanderlip, and whose president is Mr. C. A. Stone, of Stone & Webster that that was a guaranty that the contract would be honestly carried out on the part of the corporation as the agent of the Government, and I would be reluctant to say that the American International Corporation, which is the child of the National City Bank and of the subsidiary corporation directly engaged in building the plant at Hog Island, did not intend to carry out their contract in good faith and safeguard in every possible way the interests of the Government. But they have failed, signally failed, thus far to do so. But great waste is in evidence everywhere, and the manner in which the Government funds have been squandered is a public scandal, and I want to say that a member of our committee, the gentleman from Pennsylvania [Mr. Edmonds], who lives in Philadelphia, got in touch with that rotten situation, and great credit is due to him for bringing it to the attention of the Shipping Board and the Senate investigating committee. I hope that the waste will stop and that the Government in the future will get full value for its expenditures. It may be well at this point to place in the Record information in regard to the American International Corporation taken from Moody's Manual, 1917 edition. It will be interesting to note the names of the officers and directors of that corporation and their standing in the financial world:

AMERICAN INTERNATIONAL CORPORATION.

Incorporated November 23, 1915, in New York, under a charter broad enough to authorize it to engage in any kind of business (except banking), subject to the restrictions provided by the laws of the States and countries in which it may operate. The main object of the formation of the corporation is to create facilities for the successful promotion of American commerce and business in foreign countries. It will be its endeavor to advance the interests of American overseas trade; to develop new enterprises abroad; to finance existing enterprises, and to take over, if offered, investments heretofore made by people in European countries. The corporation has its own representatives in Argentina, Great Britain, France, Russia, and China. While not controlled by the National City Bank, New York, it is closely affiliated in interest and can avail itself of the experience that institution has acquired in the establishment of foreign branches. Under the powers conferred by the Federal reserve act the National City Bank has established branches in Argentina, Brazil, Chile, Uruguay, the West Indies, Italy, and Russia, and plans are under way for the establishment of other branches in the principal financial centers of South America. Through the acquisition of the International Banking Corporation by the National City Co., the bank has branches in Japan, China, Philippines, Panama, Colombia, and India. The American International Corporation proposes to utilize the information gained through these branches to further the interests of American business and to give the initial impetus to American enterprise in fields not hitherto explored by it.

The following are some of the varied interests of the corporation:
Pacific Mail Steamship Co.: In connection with its associates, W. R. Grace & Co., the corporation in December, 1915, acquired control of the Pacific Mail Steamship Co. (See General Index.)

Allied Machinery Co. of America: In February, 1916, company acquired the entire capital stock (consisting of \$100,000 common and \$100,000 preferred) of the Allied Machinery Co. of America, which conducts an export business in machine tools, with its own offices in France, Italy, Switzerland, and Russia.

Uruguayan contract: In March, 1916, the American International Corporation, in association with Messrs. Stone & Webster and the Ulen Contracting Co., took a contract to construct waterworks and sewerage systems in the towns of Salto, Paysandu, and Mercedes, Uruguay. The corporation agreed to take \$4,000,000 6 per cent gold bonds of the Uruguayan Government in payment for this work, which is now well under way.

Latin American Corporation: The importance of thoroughly investigating propositions in South America which have been presented, and the necessity of properly supervising the work during the construction period, led to the formation of the Latin American Corporation, in which the American International Corporation and Messrs. Stone & Webster are jointly interested.

Work in Russia: On August 31, 1916, Frederick Holbrook, an engineer and head of the Holbrook, Cabot & Rollins Corporation, was chosen vice president of the American International Corporation to represent its interests in Petrograd, Russia. The corporation has received orders from the Russian Government for a large amount of steel rails and other railway equipment.

Rosin & Turpentine Export Co.: This company was incorporated in June, 1916, to aid American manufacturers to investigate and develop the rosin and turpentine export business. In April, 1917, this company increased its capital stock from \$300,000 to \$500,000.

International Mercantile Marine Co.: During 1916 an interest was acquired in the securities of the International Mercantile Marine Co. (see General Index), which added that company to discharge its receiver on October 6, 1916, and place its affairs in the hands of a board of directors.

United Fruit Co.: During 1916 the corporation also acquired an interest in the United Fruit Co. (See General Index.)

American International Terminals Corporation: In July, 1916, this company was formed with \$100,000 capital for the purpose of studying the problems in connection with the development of the terminal facilities of the port of New York.

China Corporation and Siemens-Carey Railway & Canal Co.: These two companies were organized in July, 1916, for the purpose of investigating the possibility of negotiating contracts for the improvement of canals and construction of railroads in China. The American International Corporation holds the controlling interest in these companies and the Siemens-Carey Co., an engineering and contracting firm of St. Paul, Minn., the remainder. A contract was signed on September 30, 1916, with the Chinese Government for the construction of 1,100 miles of railway in China.

Carter, Macy & Co. (Inc.): In August, 1916, the American International Corporation became interested in this concern, an old established firm doing business in the importation and sale of teas and having offices in China, Japan, India, and Ceylon. The American International Corporation provided additional capital and acquired a controlling interest in the business, and in this manner acquired representation in the Orient.

New York Shipbuilding Co.: The corporation in November, 1916, purchased the entire property of the New York Shipbuilding Co., Camden, N. J., and invited the International Mercantile Marine Co., W. R. Grace & Co., and the Pacific Mail Steamship Co. to join in shipbuilding operations. A new corporation, the New York Shipbuilding Corporation, has been organized, in which the American International Corporation owns the controlling interest and the other two companies the remainder. In addition to \$20,000,000 of contracts for ships under construction a contract has been received for the construction of two battleships for the United States Government for \$22,000,000.

Capital stock: Authorized and outstanding, \$49,000,000 common and \$1,000,000 preferred ("managers' shares"); par, \$100. Of the stock \$25,000,000 common was set aside to be offered to stockholders of the National City Bank, New York, to an amount equal to their holdings of that institution's stock as of December 1, 1915. Subscriptions were to be made 10 per cent forthwith, 10 per cent January 15, 1916, and the remaining 80 per cent at the discretion of directors. Further installments of 10 per cent each were called payable June 9, July 10, and August 10, 1916, making the stock 50 per cent paid up. Preferred stock is entitled to receive out of surplus profits dividends at the same rate as that paid on common until 7 per cent shall have been paid or declared on both classes in any one year; thereafter preferred stock shall be entitled to receive one-fifth of any further distribution of surplus during that year and common the remaining four-fifths. Upon liquidation of the corporation and distribution of its assets, preferred shall be entitled to receive an amount equal to the par value thereof before any distribution is made on the common stock; then common shall be entitled to receive an amount equal to the par value thereof; after which preferred stock shall be entitled to receive one-fifth of the assets then remaining and the common the remaining four-fifths. Transfer agents: National City Bank, New York. Registrar: Farmers' Loan & Trust Co., New York. Listed on New York curb. Initial dividends of 75 cents per share on both preferred and common stocks were paid December 30, 1916.

Consolidated income account, year ended December 31, 1916: Earnings from operations, \$3,337,450; miscellaneous expenses, \$908,278; foreign and domestic taxes, \$447,656; net earnings, \$1,981,516; interest and dividends received, \$502,427; total income, \$2,483,943; dividends, \$375,000; surplus for one year, \$2,108,943.

Consolidated balance sheet, Dec. 31, 1916.

ASSETS.	
Investments, bonds, stocks, etc.	\$23,226,559
Furniture and fixtures	40,883
Cash and call loans	2,954,313
Merchandise inventories	2,167,515
Accounts receivable and advances	1,864,818
Interest accrued receivable	148,201
Unexpired insurance	2,851
Total	30,405,140
LIABILITIES.	
Common stock	24,500,000
Preferred stock	500,000
Accounts payable	2,960,339
Reserve for taxes	521,262
Surplus	1,923,539
Total	30,405,140

Consolidated statement of working capital, Dec. 31, 1916.

CURRENT ASSETS.	
Cash and call loans	\$2,954,313
Merchandise inventories	2,167,515
Accounts receivable and advances	1,864,818
Interest accrued receivable	148,201
Total	7,134,847

CURRENT LIABILITIES.	
Accounts payable	2,960,339
Net working capital, December 31, 1916	\$4,174,508.

Officers: F. A. Vanderlip, chairman of board; C. A. Stone, president; G. J. Baldwin, senior vice president; H. D. H. Connick, Philip W. Henry, Robert F. Herick, Frederick Holbrook, William S. Kies, R. B. Sheridan, Willard Straight, R. P. Tinsley, vice presidents; Cecil Page, secretary; T. W. Streeter, treasurer; K. F. Clark, assistant secretary; Percy Mayes, assistant treasurer, New York.

Executive committee: F. A. Vanderlip, C. A. Stone, O. H. Kahn, Ambrose Monell, P. A. Rockefeller, T. N. Vall, William Woodward.

Directors: J. Ogden Armour, C. A. Coffin, W. E. Corey, Robert Dollar, J. P. Grace, R. F. Herick, Pierre S. duPont, Otto H. Kahn, R. S. Lovett, Ambrose Monell, H. S. Pritchett, Percy A. Rockefeller, John D. Ryan, W. L. Saunders, J. A. Stillman, C. A. Stone, Guy E. Tripp, T. N. Vall, F. A. Vanderlip, E. S. Webster, A. H. Wiggins, Beekman Winthrop, William Woodward.

Annual meeting, first Wednesday in April.

General office, 120 Broadway, New York.

New York Shipbuilding Corporation (controlled by stock ownership): Incorporated November 28, 1916, in New York; successor to New York Shipbuilding Co. (see Manual for 1916, industrial and public utility volume, p. 3149). The entire property of the latter company had been

purchased in November, 1916, by the American International Corporation, in connection with the International Mercantile Marine Co., W. R. Grace & Co., and the Pacific Mail Steamship Co. The American International Corporation owns a majority of the stock of the new corporation. The arrangement between the four concerns participating in the enterprise provides that a certain portion of the capacity of the yard shall be devoted to the construction of ships for these companies at cost plus a percentage basis. Business is the manufacture and construction of ships, marine engines and boilers. The corporation has a large modern shipbuilding plant at Camden, N. J., the property including 163½ acres of land, with 4,700 feet of water front on the Delaware River. There are five shipways equipped and two additional large ways under construction.

Capital stock: Authorized and outstanding, 200,000 shares of no par value. A majority of the stock is owned by American International Corporation.

Bonded debt: \$7,500,000 first sinking fund 5s; due November 1, 1946. Authorized, \$25,000,000.

Officers: George J. Baldwin, chairman of board; S. M. Knox, president; H. A. Magoun, first vice president; N. de Taube, second vice president; J. T. Wickersham, secretary and treasurer; Cecil Page, assistant secretary; A. G. Connell, assistant secretary and assistant treasurer; A. D. Brigham, assistant secretary; Percy Mayes, assistant treasurer; H. J. Smith, assistant treasurer.

Executive committee: George J. Baldwin, P. A. S. Franklin, Lawrence H. Shearman.

Directors: George J. Baldwin, Joseph A. Bennett, P. A. S. Franklin, Joseph P. Grace, E. W. Harden, Robert E. Herrick, W. S. Kies, S. M. Knox, Ambrose Monell, William F. Morgan, James H. Perkins, L. H. Shearman, Charles A. Stone, E. P. Swenson, H. H. Wehrhane.

Annual meeting, third Wednesday in March, at 120 Broadway, New York.

General office, Camden, N. J.

(Moody's Manual of Railroad and Corporation Securities, 1917. Industrial section, pp. 74, 75, 76, 77.)

American International Corporation (see also statement on p. 74): Common stock listed—common stock of company was listed on New York Stock Exchange on July 5, 1917.

(Moody's Manual of Railroads and Corporations Securities, 1917. Industrial section, p. 2549.)

Mr. Chairman, I reserve the balance of my time.

Mr. GREENE of Massachusetts. Mr. Chairman, in the consideration of this bill by the Committee on the Merchant Marine and Fisheries they spent considerable time before concluding to strike out the Senate bill and to report this bill as an amendment thereto. We spent time in looking it over in order to get what we thought was a reasonable and proper bill to meet the conditions that had been outlined by the Shipping Board, who came before us and told us what they thought they ought to have. I believe the bill as amended and as it is now before you is well drawn, and that it ought to be adopted. Of course, as you all know, I did not vote for the original creation of the Shipping Board or for the original appropriation of \$50,000,000. I never have regretted my vote against that proposition. I believed at that time that the money would be wasted, and I have never seen any report of what has been done with that vast sum, and I believe it has been wasted and used up without any good result, except possibly to enable the Shipping Board to learn a little something about the shipping business.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. GREENE of Massachusetts. Yes.

Mr. MOORE of Pennsylvania. I did not want to take any more of the time of the gentleman from Missouri [Mr. ALEXANDER], but I would like to get the opinion of the gentleman, who is the ranking Republican on this committee, as to the wisdom of incorporating in this bill somewhere a provision that would require contracts to be advertised in accordance with law rather than to permit them to be at the option and will of the holding corporations that have power to do substantially what they please when they get the Government's money.

Mr. GREENE of Massachusetts. Mr. Chairman, so far as I am concerned, I do not say that this bill ought not to be subjected to any amendment. Perhaps we did not go into it as far as we ought to have gone. I think there was a feeling that there was need of speeding up operations and building ships. If the gentleman from Pennsylvania desires to offer an amendment providing for action according to law I should interpose no objection. I should think, perhaps, it would be wise. We can not always get all of the wisdom in one committee.

Mr. MOORE of Pennsylvania. The gentleman has referred to waste.

Mr. GREENE of Massachusetts. Yes.

Mr. MOORE of Pennsylvania. The gentleman from Missouri has admitted there was waste, and that waste is due to the manner in which these contracts have been awarded, and it seems that now we are to appropriate \$50,000,000 it will be up to us to put certain limitations in the bill which would prevent that waste if possible. We have heard no word of protest from the administration, so far as I can learn. They have simply permitted one corporation to pass this on to another corporation, and in the passage of this money and the contracts relating thereto, waste has occurred and unquestionably there has been extravagance, probably duplication of work and duplication of salaries and excessive salaries, and all that sort of thing.

Mr. GREENE of Massachusetts. I certainly shall not object if the gentleman wishes to offer any such amendment.

Mr. FARR. Was the waste due to ignorance or innocence or to profiteering?

Mr. GREENE of Massachusetts. Where?

Mr. FARR. At Hog Island.

Mr. GREENE of Massachusetts. Oh, I do not know anything about the propositions to which the gentleman from Pennsylvania [Mr. FARR] alludes. In the first place, I think that Hog Island is a poor place to put a shipyard if the statements made before the Senate Committee on Commerce are found to be facts. I have never been to Hog Island. It may be the best place in America to locate a shipyard. I certainly hope that it is if the money of the people is to be expended there.

Mr. MOORE of Pennsylvania. I will say to the gentleman in reply to that that it is in a very desirable situation. There may be some low land.

Mr. GREENE of Massachusetts. I have been told that considerable filling will be needed there. If the promoters spend their own money no one can complain.

Mr. MOORE of Pennsylvania. And other land would possibly need grading. But it is an eligible point for a shipyard and has a deep-water front.

Mr. GREENE of Massachusetts. We have got to handle this great proposition and we have got to go through with it and let us make the most of it. But let me say this, it has been brought to my attention there has been a yard established in New Hampshire on the Piscataqua River. This shipyard has made a contract or agreement, I do not know which, to build 18 vessels. Now, that shipyard can not build 18 vessels in time enough to take care of this war unless the war lasts for an indefinite time. I am further informed that the yard as located is obstructed by the Boston & Maine Railroad, which has a bridge extending across the water front. The information first given to me was that it had no draw and therefore the vessels could not get out, but worse than that, I was informed it had a draw in the railroad bridge, but the first vessel begun under the Shipping Board, or under whoever it was constructed, is 22 feet wider than the draw in the bridge. That is not good sense; I am sorry to have to say that it is not common business sense. It is a waste of money and I am sorry to have to record it. I was in hopes I would not have to say anything of the kind, but that is a fact that can not be denied, for I obtained the information from a gentleman from New Hampshire, a Member of this House, and he told me that the boat was 22 feet wider than the draw. Now, the vessel has got to be pared down or the draw widened before you can get the vessel out, and that is a very poor business operation.

Mr. ALEXANDER. Will my colleague yield?

Mr. GREENE of Massachusetts. Yes.

Mr. ALEXANDER. I was in conversation with Mr. Hurley, president of the Shipping Board Emergency Fleet Corporation, this morning, and I called his attention to the matter which my colleague [Mr. GREENE of Massachusetts] had called to my attention some days ago, and he did not seem to know just what the facts were. My colleague told me he has a shipyard at Fall River, where they can build ships, and I believe he stated to me that the Emergency Fleet Corporation is going to commandeer the material and take it somewhere else, and I called that situation to Mr. Hurley's attention, and I suggested they ought to annul the contract on that river in New Hampshire if it were true that they had not begun to build ships there and build them at Fall River or elsewhere where they have the material and facilities.

Mr. GREENE of Massachusetts. Let me state what was stated to me this morning by the gentleman from New Hampshire [Mr. BURROUGHS]. He was in New Hampshire over Sunday, and he tells me a vessel was there, and she was 22 feet wider than the opening in the draw. He told me that this morning because I asked him. I wanted to know whether it was true or not, and he says it is true. Now, the question of commandeering the gentleman speaks about, let me say a little something about that. I was in the Shipping Board trying to get some of these 18 vessels that can not be built in time to be of any account unless they build them somewhere else where there is a yard all fitted with ways, with men, and with housing, and with everything else that is necessary to build ships. I asked them to let me take three of those vessels to build—not let me take them, but to let the people of my district who have the yard, who have created this yard and put their capital into it and were ready to build the vessels at once—let them take three of those vessels. They said they would have to refer it to the legal department. They referred it to the legal department, and the legal department looked over the agreement with whoever this concern is up in New Hampshire—I do not know what

it is—and they found under the legal agreement they could not take any of these 18 vessels away from this ship corporation—I do not know whether it is public or private—but they can not take them away from them. Then I said, “Well, why not let the shipyard at Fall River, Mass., build three vessels? They can build them at once. They have a well-equipped yard and competent workmen.” “Oh,” he said, “we are making a survey of all the lumber interests of the country. We are going from the Atlantic to the Pacific to see where the lumber is, and when we find where the lumber is then we will know what we can do.” “Well,” I said, “the yard that is located in my city has the lumber.” He asked me where it was, and I said that I could not tell, only that they stated they have the lumber. He said, “When we make this survey and find out where it is we will commandeer it damn quick.” That was the answer.

Now, if that is the way the Shipping Board is going to do business, I will tell you it is pretty hard lines for any private individual or private corporation who wants to do business and to aid the United States to carry on the war to be met by newly fledged public officials in that spirit. I would not have said anything about that if the statement had not been made by Chairman ALEXANDER that the chairman of the Shipping Board had told him that he did not know anything about the width of the vessels now being built in New Hampshire, and he had not been able to get any information about it, but my information comes from a Member of this House who has his home in New Hampshire, and it is confirmed by Mr. WASON, a Member of the House from New Hampshire. These are facts that can not be denied. It seems strange that a copper-fastened contract should be made several months ago for 18 vessels by the Shipping Board at a place where there are no results, and the contract has such binding features that they can not amend any part of it and obtain quick results. Now, I have this feeling in my mind: I am a loyal Member of the United States House of Representatives. At the same time I am a Republican. I do not make any apology for that. Wherever I go, whether it is North, South, East, or West, I have never hesitated in declaring my political principles. I recollect 30 years ago I went to the city of Waco, Tex., and, naturally, having been a postmaster, I went to see the postmaster, and walked up the street with him, and when I walked up the street with him a man said, “You have got the only God damn black Republican there is in Waco.” He happened to be postmaster of the city. That is all right. I was proud to walk up the street with him, and I continued to walk with him just the same. I am not talking politics; I am talking right out in this House. This country is in war and we have got to fight this war to the end and we have to unite in this war. We can not divide. We have got but one flag in this country, thank God, and that is the American flag. [Applause.] I do not know another.

Last year we had an exhibition of the Confederate flag in this city. I pitied those poor Confederate soldiers that came up here. They were old and decrepit. I did not blame them for carrying around the flag for which they fought, but when men and women in this city rode through the streets of Washington with Confederate flags waving I tell you it touched my patriotic spirit. It was something I did not like to see. And if I ever see a Confederate flag waving in this city before a banking house, as I did last year, before a business place, out of a private individual's house, I will put a bill into this House to test the patriotic spirit of this body and see whether or not the Confederate flag should not be kept in the States where they want to enjoy it and not here in the Capital of the Nation. To bring it in here at time of war was, in my judgment, a very serious mistake.

Now, I am in for pushing this war in which we are now engaged to the very limit, and for that reason I am going to support this bill. I believe it is necessary. As to the wisdom of the Shipping Board, I have some doubts.

Mr. FESS. Will the gentleman yield for a question?

Mr. GREENE of Massachusetts. Yes.

Mr. FESS. There is undoubtedly an immense amount of waste.

Mr. GREENE of Massachusetts. Yes, sir.

Mr. FESS. We hear it upon every hand, and the reply sometimes is a denial, but not often. At other times, and most frequently, the reply is, “We can not help it.” I would like to have the opinion of the gentleman whether the waste such as I have seen in some of the cantonments and in one of the aviation fields, very near which I live, which is very palpable, and the waste that has been related to me but last night, up here at Hog Island, and another one suggested there in the flats of New Jersey, can not be avoided, or a good deal of it, or is it absolutely inevitable?

Mr. GREENE of Massachusetts. Well, if I should answer what I actually think, it seems to me it could be avoided. Not-

withstanding all that, the gentleman from Ohio states we are going to put this war through. We have got to put it through, waste and all. We have got to spend the money and try and accomplish results.

Mr. FESS. I thoroughly agree with the Member, but it would seem—

Mr. GREENE of Massachusetts. If we talk about it and express our opinions about it, it may have some effect. I hope it will.

Mr. EDMONDS. Do you not think that this is a good evidence of what we would have if we had Government ownership?

Mr. GREENE of Massachusetts. I do. I believe Government ownership would be a serious mistake.

Mr. FARR. Does not the gentleman think the present management, under the presidency of Mr. Hurley, is doing everything it can to remedy these conditions, curtail the waste, and push the work?

Mr. GREENE of Massachusetts. I will tell you. It had been a long time since the Democratic Party was in power and they had not had any experience in handling great questions until since 1912, or very little experience; and as I said before they came into power, if they ever did come into power they would find such an immense country to take care of they would go wild over it. If they have not gone wild, I do not know much about wildness. It has been wildness personified and doubled over and over, and they have wasted money in every line. They can not help it, but of course we shall hold them to account for it politically. We are going to hold the Democratic Party responsible and the American people are going to hold them responsible. They have been unwisely extravagant. But we can not, as Republicans, withhold our support from the administration, because in time of war we must stand together.

Mr. ALEXANDER. The gentleman from Pennsylvania asks if this was not good evidence of what we would have if we had Government ownership. We are undertaking to carry out this shipbuilding program under the American International Corporation, a private concern, and, I might say in passing, a Republican concern, too.

Mr. GREENE of Massachusetts. It does not make any difference. If you have become entangled with unwise Republicans, string them up, every one of them, that prove themselves traitors in times of war. Any dishonest Republicans in time of war should be strung up if you find them, and if you find a dishonest Democrat, string him up just the same. I would not make any difference between them.

Mr. RAGSDALE. Does the gentleman think that the cause which he advocates, in view of the fact that the sons of Confederate veterans are now in the field fighting, and some of whom have gone down under the wave—

Mr. GREENE of Massachusetts. State your question.

Mr. RAGSDALE. I am only going to ask the question. Does the gentleman think it adds anything to the pleasure of their service or to the sacrifices on their part, for the gentleman to go out of his way and attack the flag of their fathers?

Mr. GREENE of Massachusetts. That is all right. I say that the Confederate flag has no place in the city of Washington, and I stick to it now and I should stick to it if every soldier should be so wise or unpatriotic as to desert the field of war on that account. We would get more men to fill their places. But I am not at all alarmed about that. The sons of soldiers who fought in the Civil War in either the northern or southern side of the struggle are not made of that kind of material.

Mr. RAGSDALE. I wish some unfortunate Members of the House were made of some of their kind of material.

Mr. GREENE of Massachusetts. I have been a Member here a long while and probably shall be a Member for a while longer, and I shall continue to have my views and to express them when I have occasion to do so, and I am not troubled about what the gentleman from South Carolina thinks about it. He can think what he pleases. We have got to have a free hand. This bill we have under consideration is something that I believe is necessary. I believe it ought to be enacted into law. I do not believe in Government ownership, but I do say this, that if the Government paid attention to its business as they ought to—the men who are representing the Government paid attention to their business as they ought to—they could do business very much better than the present results seem to foreshadow. There is but one man here who has been in public life longer than I have, and that is the gentleman from Illinois [Mr. CANNON]. I have had a wide experience in public life. I have had dealings with a great many people, and I never have found that under the Government-ownership plan there has been more efficiency than there would have been under the management of private individuals. But we have come to a place to-day where, if we look back a little over past history, we can see how a great

mistake was made in not adopting another policy. We undertook several years ago, in the early days of my membership in this House, to build up a merchant marine by subsidy. I do not make any apology about it. I believed in subsidies then. Subsidy is not offensive to me now. But we could not get any votes on the other side of the aisle, because they were afraid of subsidies. We could not get any votes in the western part of this country, because they said "We do not need any vessels. Our products are carried across the sea cheaper than they would be if the United States built up a merchant marine." They even went so far as to say that they could get their products carried abroad cheaper in foreign bottoms.

This war has demonstrated the fact that we do need a merchant marine. It has demonstrated the truth of the matter that I then believed in—and it is true—and what I then believed was that the freight on the crops raised in the West was not paid by the American farmer but by the foreigners who bought the products of the soil, and that is exactly the way it has been demonstrated, so that all who run may read. The price of freight is made before the products of the farmer leave this country, and the foreign buyer pays the freight, and, consequently, if we had a larger merchant marine we would have more competition and lower prices. We came very near several times to getting a proposition for an American merchant marine, but we had a lot of timid souls in Washington, in the House. They have been timid a long while. They have been timid in the Senate. I thank God I never had any timidity on the question of an American merchant marine, and I have none now. I am willing to forgive all their errors, as inefficient as I believe the Shipping Board has been, as efficient as I hope they may be by the experience they have had—I am willing to give them a chance to try to build some ships. But I do not like the spirit which says, "If you have any lumber for a yard in your city, we will commandeer it," with the added words, "damned quick, if we can find it." I think it is just as essential to keep up the private yards as it is to keep up Government yards, and I believe that private yards are a great deal more efficient. Private yards have built more vessels thus far than Government yards, and they will build more vessels during the war, and they will build them at less cost than any Government yard. I am willing that the whole record should be written out, the failure and all, whatever it may have been. Let it go to the country just as it is.

I am in favor of providing for the housing of employees, because it seems to me it is absolutely necessary to our getting any ships from these Government and possibly from some private yards, and if we can not get them in any other way, I am willing to get them in this way. We want and need the ships. If extra cost is added we will have to pay it.

We did not hesitate to raise money during the Civil War. People said we would repudiate the public debt after the war was over, but we never did. We paid 100 cents on the dollar in gold. We went back to the gold standard and reestablished it. We will do it again. But we have got to educate these people who are in power to-day, and that is costly. It is costing a great deal of money, and it is going to cost a great deal of money to build ships, and under their management they are not building ships according to the methods used by men who are experts in the building of ships. They ought to use other methods. It is not a time for argument, but a time for action and for speedy action, and notwithstanding all the failures and mistakes that have been made, I am ready to forgive and forget all that. But we want to create a spirit of loyalty.

Let me tell you a thing or two. Here on the Agriculture appropriation bill the other day we had an amendment put on requiring an extra hour on the part of the employees of the Department of Agriculture, with the design, as the gentleman from Missouri [Mr. BORLAND] said, of putting that on all the departments. If he would take the trouble to inquire himself at the different departments he would find there are few people limited to seven hours. A great many of them are not. They are working nights and Sundays and holidays, and they get no extra allowance for it. They have not gotten any extra allowance for it from the time of the Spanish War up to the present time.

It was a mistake to put that provision in the bill. It created a feeling that never should have been created. That amendment ought to have been wiped out before the bill left this House, but very few people knew anything about it. When the conference report comes back I hope the Borland amendment will be stricken out. It ought to be.

The gentleman from South Carolina [Mr. RAGSDALE] is disturbed because I do not want the Confederate flag waved in the Capital. For heaven's sake, have we not lived long enough to know that the Confederate flag went down at Appomattox?

Gen. Grant treated his antagonist better than anybody ever did. But the flag went down at Appomattox, and I hope it will never be waved in Washington again. If we can not fight the present war with them we will fight it without them. Soldiers are loyal to the flag. These men have protested their loyalty to the flag. I want them to live up to their protestations and not flaunt that flag here in the Capital.

When we had the woman suffrage question up here we had a flag flaunted in front of the White House. I resented it then, and I resent it now. It was disgraceful then, and it is disgraceful still, and I feel that it was an insult to the public and to the President of the United States, and discreditable to every woman who advocated that method of obtaining woman suffrage. They should have given up that method of warfare, but they did not, and it got so disgusting that a few of the more sensible advocates of suffrage said, "We will not approve of that; we will induce them to retire from this unwise procedure." But at the same time it was a menace and an insult and ought not to have been allowed. I hope we will live long enough to see just one flag, and that flag the flag of the United States. I am in favor of this bill. [Applause.]

Mr. ALEXANDER. Mr. Chairman, the gentleman from Ohio [Mr. Fess] asked awhile ago how many ships had been completed. Admiral Bowles, when before the Committee on Commerce of the Senate on the 21st of December, submitted a table in which he gave a summary of requisitioned vessels completed since the date of requisition as 43, of a total dead-weight tonnage of 253,235 tons.

Mr. MADDEN. Will the gentleman yield for a question?

Mr. ALEXANDER. Yes.

Mr. MADDEN. How does the dead-weight tonnage compare with the live tonnage?

Mr. ALEXANDER. A ship of 5,000 gross tons would be rated at about 7,000 to 7,500 tons net.

Mr. MADDEN. So when you talk about a dead-weight ton, you would say a 5,000-ton ship was of 7,000 tons?

Mr. ALEXANDER. Five thousand tons gross would be equivalent to about 7,000 to 7,500 dead-weight capacity.

Mr. MADDEN. That is what I mean; so that, as a matter of fact, why do we not talk in the language that people understand when we talk about the tonnage of ships?

Mr. ALEXANDER. Admiral Bowles was asked that question by the Senate committee.

Mr. MADDEN. I will tell you why I ask that question. When we talk about dead-weight tons of ships, a great many people think that we are building so many million tons of shipping, when, as a matter of fact, we are building only about 60 per cent of that tonnage. It ought not to go out to the people in that form. Why do we not talk about the actual capacity of the ships that we are building instead of talking about something that people do not understand about?

Mr. ALEXANDER. That is what we are doing when we estimate it in dead-weight capacity, the actual carrying capacity of the ship. That question was asked of Admiral Bowles by the Senate committee, and he said it was a term which was common among shipping men, and which indicated the net carrying capacity of the ship.

Mr. MADDEN. They do not do it in any other country in the world except ours, and never in this country except when we are telling how many million tons of shipping we are going to build, and we have got the people to thinking we are going to build so many million tons when, as a matter of fact, we are only going to build about 60 per cent of that total.

Mr. ALEXANDER. No; we are estimating the tonnage in dead-weight capacity and not in gross tons. That is the only difference. Now, in the Senate hearings, beginning at page 125, is given a summary of the requisitioned vessels completed and retained by the Shipping Board, also those completed and reconveyed to former owners, and from page 127 to page 144 of the Senate hearings that information is given in detail, with a statement of the shipyards where these ships are being built. The total number of vessels with contract price is 364; dead-weight tonnage, 2,505,128 tons; total cost, \$361,865,347; vessels constructed on cost-plus basis, 67; dead-weight tonnage, 550,880; total cost, \$73,922,439; or a total of 431 vessels; dead-weight tonnage, 3,056,008 tons; total cost, \$435,787,896.

These vessels are under construction in different shipyards in the country, and are in addition to those to be built at Sparrows Point, Hog Island, Bristol, and by the Submarine Boat Co. in New Jersey.

Mr. BUTLER. On what page of the Senate hearing is that summary?

Mr. ALEXANDER. The statement begins at page 127 and ends at page 142, part 1.

Mr. FARR. Will the gentleman repeat the total tonnage under contract?

Mr. ALEXANDER. That of the requisitioned ships, 431; total dead-weight tonnage, 3,056,008 tons; total cost, \$435,787,896. Those are ships being built in private shipyards all over the country.

Mr. FARR. They are being pushed rapidly?

Mr. ALEXANDER. Yes.

Mr. MADDEN. Will the gentleman yield for one further question?

Mr. ALEXANDER. Yes.

Mr. MADDEN. I should like to ask the gentleman to tell, if he can, how many ships have actually been completed and are ready to sail, if any?

Mr. ALEXANDER. I just gave the gentleman a summary of the commandeered ships.

Mr. MADDEN. I am talking about ships that are being built.

Mr. ALEXANDER. They have been built.

Mr. MADDEN. Not by us.

Mr. ALEXANDER. They have been built or are being built in American shipyards for the Government.

Mr. MADDEN. Yes; but I want to know how many ships have been built under the direction of the Shipping Board.

Mr. ALEXANDER. These have been commandeered, taken over, and built under the direction of the Shipping Board.

Mr. MADDEN. I understand that; but they were private contracts let by private people. Now, can the gentleman tell us what success or progress has been made by the emergency shipping organization? Have they built a single ship and got it out on the sea?

Mr. BUTLER. Completed?

Mr. ALEXANDER. If the gentleman will look at page 228 of the hearings, Admiral Bowles submitted a chart showing—

Mr. MADDEN. I would like to have the gentleman answer my question. The chart will not go into the RECORD, but the gentleman's answer will go into the RECORD.

Mr. ALEXANDER. I would not be able to say offhand. It may be that the hearings contain that information. If so, I will give it later.

Mr. MADDEN. So that the gentleman in charge of the bill really can not tell the House and the country whether a single ship has been completed by the Shipping Board.

Mr. ALEXANDER. I think several ships have been completed and launched.

Mr. MADDEN. Not under the contracts let by the Shipping Board.

Mr. ALEXANDER. Yes; under contracts let by the Shipping Board.

Mr. MADDEN. Of course, I shall be glad if that turns out to be the case.

Mr. ALEXANDER. I think that is true.

Mr. MADDEN. I want to see the ships moving, and I am anxious to expedite their construction.

Mr. ALEXANDER. I think they are moving.

Now I yield 15 minutes to the gentleman from Texas [Mr. HARDY].

Mr. HARDY. Mr. Chairman and gentlemen, this is a bill which was referred to our committee, and after hearing all the evidence offered by those in support of the bill and calling upon the department—that is, upon the representatives of the Shipping Board and Fleet Corporation—for a full presentation of the reasons for the bill the committee, without a dissenting vote, recommended its passage. It appeared to us from the hearings that this is the first great step taken by our Government toward housing the labor necessary to be employed in the production of the ships for the use of the Government. The Secretary of Labor came before us and suggested that it might be desirable to abandon this particular project and authorize a general housing program for all the labor in all the departments working for the Government. But the Shipbuilding Department of the Government had made a survey of its needs and necessities, had progressed toward some definite details as to what they needed, and to tear up their work and start again along broader lines seemed to us would require a reorganization, a reinvestigation, and a reexamination, and would have taken more time, and time was very much of the essence of our needs.

Mr. MADDEN. Would it interrupt the gentleman if I asked him a question at this point?

Mr. HARDY. No; I will yield to the gentleman.

Mr. MADDEN. I would like to ask the gentleman if he knows how many men it is intended to provide housing for under this bill?

Mr. HARDY. I can not say; I have a very poor memory for details. Judge ALEXANDER stated the number of yards where

they are now attempting to build ships and those which are not running at the full capacity because they did not have housing facilities. In one yard, I think, there were 3,500 employees, and it had a capacity for 7,500 employees, but not the houses for them.

Mr. MADDEN. I can see the importance of providing housing facilities for men if we intend to expedite the building of ships, but what I want to know is whether the committee has ascertained how many men the Shipping Board expect to assemble in the shipyards for which housing provisions are made under this bill.

Mr. HARDY. If the gentleman undertakes to draw from me exact details, he will trip me up. I can not remember them; and, besides, the Government itself can not tell just exactly how many workmen they will have to build houses for. Admiral Bowles, in testifying before us, said that it might not take as much as \$50,000,000 to house all the needed labor. He went on to say, furthermore, that the houses might be used sometimes interchangeably—for other purposes—as it might be convenient to use them for other branches of governmental industry, but at many shipyards they had a capacity for more men than they had houses for, and it was very essential, if we wished to speed up shipbuilding, to provide additional housing.

Mr. MADDEN. Will the gentleman let me interrupt him right there? The statement of Admiral Bowles would presuppose that the shipyards in which the ships are to be constructed are adjacent to other activities manufacturing supplies for the war?

Mr. HARDY. He illustrated by stating some of the uses of housing that had been made at Newport News. Some houses had been used for the Navy and some of the shipbuilding yards. This overlapping use of these houses may in a minor degree take place, but the essential thing contended for by Admiral Bowles was the need for a great many houses to be built for the purposes of the shipbuilding plant.

Mr. WELLING. How soon will these houses be available? How long did the department think it would take to construct them?

Mr. HARDY. I presume some will only take a short time and others will take longer. If they built temporary structures they could be put up in a night, perhaps. Some buildings are intended to be put on ground already owned by the shipyards and some on ground which is to be bought by a corporation organized by the Shipbuilding Co. This corporation will be practically organized without capital and officered by the members of the Shipbuilding Co. It will be administered without profit. They ask the Government assistance because when the work of building ships is over and the boom goes down there is sure to be a shrinkage in the value of some of the property, and the Government is expected to lose possibly 30 per cent of the investment. The shipbuilding companies are not willing to spend their own money for these temporary housings.

At the same time these corporations will be clothed with power to sell the houses, and if they are good houses for the community where they are and likely to be used permanently, many of them will be sold. The law department of the Emergency Fleet Corporation will see to drawing the contracts with the house building company in detail for the preservation of the lien of the Government, and the protection as far as possible of its interests generally.

Now, when this corporation that is organized for the building of houses has performed its functions and the shipbuilding yard is turned back to private purposes these houses will be on hand. Many of them will have been sold but many others perhaps unsold.

Mr. MADDEN. Will the gentleman permit another question?

Mr. HARDY. Yes.

Mr. MADDEN. Does the gentleman or any member of the committee know whether there is sufficient ground along any shipyards that have been established upon which to build these houses, or will the commission have to buy land or commandeer it?

Mr. HARDY. The gentleman will see from the phraseology of the bill, which was worded by the Shipping Board, that there may be occasion to buy land in order to put houses upon it. There may be houses located sufficiently convenient so that they can buy them. The Shipping Board is authorized to buy land, if necessary, in order to construct houses upon it, or to buy or requisition houses.

Mr. MADDEN. The reason I ask the question is that at Fort Sheridan for the accommodation of officers in the training camps they put up enough buildings in 10 days to accommodate 5,000 men. So if we had the ground I do not see why we should not be

able after the law is passed to put up buildings within two or three weeks.

Mr. HARDY. I think the gentleman is right on that. I see no reason to take a great while to build most of these houses.

Mr. EDMONDS. Will the gentleman yield?

Mr. HARDY. Yes.

Mr. EDMONDS. That is to be done at Sparrows Point and Camden both, where they have land in the vicinity that they can put houses on.

Mr. HARDY. I think that answers one of the questions of the gentleman from Illinois [Mr. MADDEN]. At those two yards—at Sparrows Point and at Camden—they have the ground ready to be built on.

Mr. FARR. Mr. Chairman, will the gentleman yield?

Mr. HARDY. Yes.

Mr. FARR. I understand that the Emergency Fleet Corporation will need about a quarter of a million more men to complete this work.

Mr. HARDY. Something like that; and, further answering the gentleman from Illinois [Mr. MADDEN], this bill in itself provides that if they need the land they can take it and adjust the payment for it later, so that no delay ought to be occasioned by that.

This is the first bill of this kind for housing laborers on Government work, and in the hearings before us it was stated time and again that England had long since resorted to the same method of taking care of the laborers employed in her war-making industries, and that she had expended up to now in housing her laborers engaged in war productions over \$700,000,000. I hope there will be no occasion for us to go so largely into the expenditure of money for housing, because much of it must necessarily be lost when the war is ended. I hope most of our shipyards will be able to find in nearby towns, and through the increase of transportation facilities, housing enough to care for their labor, and so we looked somewhat into the question of improving transportation facilities. It is an essential necessity for the Government to provide housing facilities for the operatives to build these ships. Whether there is extravagance in building the ships or not, as some one said, we have got to have the ships, with or without extravagance.

Answering some of the remarks of my colleague, Mr. GREENE of Massachusetts, I want to digress far enough to say that this is not a question of Government ownership or private ownership. It would be the pot calling the kettle black for either private or Government ownership to try to get any credit out of the operation of the Hog Island plant. From all I can learn, the American International Corporation, that undertook the building of that plant, is a private corporation and they sublet to private corporations, and there must have been an orgy of extravagance at the expense of the Government all through the operations of the captains of finance and not through any Government-ownership processes. I only hope that in gradually settling down to the administration of the business affairs of this great department of the Government, that covers an expenditure hitherto unparalleled in the annals of Government history, it will come to be run with as little graft and as little extravagance as possible will be found, and that wherever it is found, the man guilty of it will be pilloried in the public estimation, whether he be Frank A. Vanderlip, chairman of the private organization that builds the Hog Island industry, or the most unknown Government employee that there is in the land. I want to see scandal banished from the contracts and conduct of the affairs of this war; and I do know that in private contracts that have been let for the building of ships, there can be no hurtful comparisons made with Government construction by those favoring private contracts, because ships that were being built for \$40 and \$50 per ton before this war began have been let to private contractors to-day, who say that it costs that much to build them, at from \$160 to \$200 per ton. I believe when the Government gets straightened out in the operation of these yards that it is supervising, it will demonstrate just what ships can be built for, and build them for that sum, and that that sum will be under the prices they are now paying private contractors.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. HARDY. Yes.

Mr. MOORE of Pennsylvania. I agree with the gentleman from Illinois that we want ships, and we do not want these orgies of extravagance at shipyards to which the gentleman from Texas refers, but what does the gentleman think of the proposition to provide in this bill that the contracts shall be awarded in accordance with law?

Mr. HARDY. The only objection I have to that is no concrete objection. It has simply not been presented to our committee. I do not know what objections there might be to it offhand, or

at first blush as the darkey would say. It seems to me that it would be a good proposition if some limitation of cost could be framed. I can not think of any limitation that will prevent dishonesty or graft. That perhaps can only be done by faithful and efficient Government inspection and supervision. These houses must be built as rapidly as possible, and that situation might not give time for the offering of contracts under public competition and award.

Mr. MOORE of Pennsylvania. Of course it would require advertisement and notice.

Mr. HARDY. And time. It seems to me that the Emergency Fleet Corporation or the Shipping Board ought to be trusted to the extent of expending \$100,000 here and \$100,000 there to build essential necessities, without taking up time for advertising, so that I would hesitate to say that I would support an amendment of the kind the gentleman refers to, not having gone into it to see what the objections might be on the part of Admiral Bowles, who seems to be trying hard to draw something out of the Hog Island situation and to expedite our shipbuilding generally.

Mr. MOORE of Pennsylvania. I think that is true.

Mr. HARDY. If he is an honest man, if he is a good administrator, he could perhaps have these houses, especially the temporary ones, built both expeditiously and economically. I do not know about that. Generally I would be in favor of a public award, to the lowest bidder, for all Government contracts.

Let me say just one word more in answer to my good friend from Massachusetts, Brother GREENE. Fifty years have gone since the North and the South in splendid battle array drew swords against each other, and 50 years have passed since the last gun of that war was fired and the last battle flag of the Confederacy was furled. It is true, as the gentleman says, old soldiers last June walked down Pennsylvania Avenue bearing the flags of the lost cause and of the triumphant Union side by side. Good men all over the land have come to-day to recognize the fact that loyal, true, and noble sons of both the South and of the North each fought for what in their judgment was right. The expressions of the gentleman from Massachusetts do not voice the sentiments of the old soldiers or the best citizens of his own State; to them the rancors of 1861-1865 are dead. The name of Lee to-day sounds as sweet and his memory is as dear to the best manhood of the North as the name of Grant is to the best manhood of the South. Fifty years have passed, and that era that once stirred to strife the sections of our common country is to be followed by an era in which the sections join together under one banner in a struggle which dwarfs the other struggle in its magnitude and vies with it in the extolled grandeur of its consecration, and we trust will surpass it in its glory. If there is nothing else of good in God's providence that comes out of this horrible war, there will be this—that the love of brotherhood will cement again the North and the South, and no longer will there be a criticism because some son of the South still loves the memory, yea, and the flag of his fathers. To-day, except for some rare and strange case here and there, all bitterness is gone and every man, North and South, will salute the flag with one devotion and determination to bear it to victory on the fields of France, and every patriot echoing in his heart the Psalmist's song, "Behold how good and how pleasant it is for brethren to dwell together in unity," rejoices that we are marching to-day to the battle fields—the North, the East, the West, the South—without one dividing line. [Applause.]

Mr. GREENE of Massachusetts. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. ALEXANDER. I yield the gentleman one minute more.

Mr. GREENE of Massachusetts. I just want to say that I made no mention of Gen. Lee; I made no mention of the Confederate soldiers. I never questioned their loyalty to their flag. The gentleman says the war has been over for 50 years. That is true; but I say now—and I do not say it with any disrespect to the South—that we ought to get under one banner. That is where we ought to get, and never have in this Capital two banners.

Mr. HARDY. If the gentleman will permit me, I will say we are under one banner. [Applause.]

Mr. GREENE of Massachusetts. That is all.

Mr. HARDY. I will say further down in the Southland the Stars and Stripes wave over a happy and united people—

Mr. GREENE of Massachusetts. We never questioned that.

Mr. HARDY. And that does not diminish our love for the flag that once was borne by Robert E. Lee.

Mr. GREENE of Massachusetts. That is all right; I know all about that.

Mr. ROBBINS. Mr. Chairman, I would like to ask the gentleman a question in regard to the legal features of this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROBBINS. I want to ask the gentleman one question.

Mr. ALEXANDER. I yield to the gentleman one minute for that purpose.

Mr. ROBBINS. I notice here this bill allows the condemnation of lands and houses. How are you going to condemn a house if it is in the possession of the owner and is used as a residence?

Mr. HARDY. Under the eminent-domain law I do not think there is any property that can not be condemned for the use of the Government.

Mr. ROBBINS. It says here in line 21, page 5, that you must have the State legislature's consent, and in Pennsylvania no land can be condemned that is in the possession of the owner.

Mr. HARDY. Oh, no. This law provides that we can take possession, without waiting the consent of the State, and adjust all that later.

Mr. ROBBINS. It applies to a house in the possession of the owner, used as a domicile.

Mr. HARDY. To meet that question we have a provision here put in the bill in line 20.

Mr. ROBBINS. There is a legal complication in Pennsylvania—

Mr. HARDY. We investigated that question, and found it would be thoroughly constitutional; or, at least, we believed so.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GREENE of Massachusetts. I yield three minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, I shall not have much to say about the merits of the bill, but I think the paramount question to-day is the question of transportation, and if we are going to win the war we have got to be able to move the men and the supplies, and if we can not build the ships without furnishing housing facilities our imperative duty is to furnish those facilities. The question of how the contracts shall be let for the houses we decide to build is one that will have to be taken up by the administrative officers of the Government. If we could stabilize the prices of materials that enter into the construction of these houses and also stabilize the price of labor, the way to build the houses would be by contract; but as they are uncertain I apprehend that we are not going to be able to let contracts for any houses we decide to build, and so we will be obliged to go on and build them at cost plus. That, of course, will make them cost more than they otherwise would cost, and I do not believe that we will be able to-day to get any man to take a contract to build those houses at a stipulated price, because he would not know in advance what the conditions would be under which he would be called upon to operate, and the one thing I think we ought to do, and do quickly, is to insist upon the Shipping Board assembling a sufficient force of people to build a sufficient number of ships to carry the supplies and men to the other side. We have men ordered to the other side from time to time who are obliged to wait in New York three or four weeks after they get there before they can get a ship. We have ships that have gone abroad that have had to bring back part of their cargoes. That shows there is bad management somewhere, and we ought to have a management so scientific and systematic, filled with vigor, vision, and imagination, that they can see the things that are necessary to be done. The American people want the war brought to a successful conclusion, and they will not be satisfied with anything else.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. May I have one more minute?

Mr. GREENE of Massachusetts. I yield to the gentleman another minute.

Mr. MADDEN. I realize it is not easy to assemble a great force like the Shipping Board and the other departments of the Government are obliged to assemble in an emergency like this and have everything run smoothly, but we have had opportunity enough now to be able, with the right men at the head, to make an organization that will run and function and get results. We have not had it so far. We want results, results, results, and that is what everybody else wants, and until we begin to get results and get them at a reasonably decent cost, the American people are going to continue to doubt whether we are doing all we can to win the war in which we are engaged. [Applause.]

Mr. GREENE of Massachusetts. I yield 10 minutes to the gentleman from Pennsylvania [Mr. EDMONDS].

Mr. EDMONDS. Mr. Chairman, ordinarily I am opposed to paternalism and, of course, this bill smacks of paternalism. But I do not see how it is possible for us to accomplish the build-

ing of these ships, without something can be done comfortably to house and take care of the men who are working in the shipyards. After an investigation made by the committee I am convinced that the comfort of the employees and the care necessary to be taken of the labor is going to require us to pass a bill something like this, not only for shipyards but we probably will have to pass one for a great many of the munition plants. It is well known that necessity knows no law, so we have to sink all ideas or principles in a matter of this kind and take a position with reference to this matter where we can accomplish what we are trying to do quickly. There is no desire on the part of the housing commission of the Shipping Board to do any more than they absolutely have to do. I will say when they came first to Philadelphia they talked about building 7,500 houses. It has been reduced to 3,000 houses, not because they are going to build any less ships at this point, but because they plan that by opening up certain streets and advancing some money to increase railroad and street railway facilities they will be able to get along without as many houses as they at first contemplated they would need to have.

Foreign countries have recognized this condition. England has in one plant, the plant at Gretna, two villages, or two towns, you might call them, one at each end of the plant, and the plant, including the town, is over 12 miles long. Mr. Ackerman, who appeared before the committee, investigated this proposition and found that it was absolutely necessary, because it prevented the turnover in labor which was occurring at this plant before the houses were built.

It is said in some of our shipbuilding plants the turnover of labor is over 600 per cent, meaning that the average time a man spent at the plant was about 60 days. In Gretna, after building these houses, the turnover was less than 5 per cent. So you can see that building these homes is going to give the yards stable labor and going to make it contented with the conditions that exist there. In Gretna, England, they have schools and theaters, and everything has been built by the Government. Somebody asked a short time ago here whether the Government was selling these properties. I understand not. I understand the English Government is retaining these properties and intends to sell them at the close of the war, or they will possibly rent the plant as a whole, because their reconstruction committee is intending to utilize this plant for some manufacturing use after the war is over.

It was also noticed in Gretna that the increase in output was rather remarkable, and I would think that building these houses at our plants would increase our output. The work would be done by the Emergency Ship Corporation or by subsidiary companies. The contracts are to be drawn so that the Emergency Ship Corporation will control.

Now, they have two different plans in this bill, and that is one reason why we added section (d) to it. The first plan is that they propose to build on the ground owned by the ship corporation or a subsidiary company of the Emergency Ship Corporation. The corporation, or this subsidiary company of theirs, will own every particle of the property. Now, in the other case, the Emergency Ship Corporation proposes to make contracts with subsidiary companies, the companies composed of the officers of the different private shipbuilding yards, and these contracts will be so made that the Emergency Shipbuilding Corporation will control the handling of the money and also mortgage these properties up to the full extent so that they can get very nearly their money back.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. GREEN of Iowa. Can the gentleman inform us at how many different places the housing board expects to build these houses?

Mr. EDMONDS. At the present time they have in contemplation building at Newport News, Chester, Wilmington, Sparrows Point, Bristol, and Hog Island. Now, there are applications coming in from some other private concerns on the Pacific coast, I believe, and also from some up in New England. There is really no accurate idea as to how many places they will have to build houses. They do know if they want to take care of and prevent the turnover of labor they have got to do it at Bristol, at Sparrows Point, at Hog Island, and possibly at Newark. I forgot to mention Newark. They have the plans fairly well under way. They went over the plans with us, and it appears to us that they are trying to do everything they can to prevent as much loss as possible, because no man doubts that if we spend this money in this housing, eventually we will make a loss.

Now, in the case of the New York Shipbuilding Co., which was talked about before the committee, the attorney of the board spoke of a piece of ground that they owned upon which they wanted to build houses, and after they have given the ground

to the housing company, and the houses were erected under whatever plan they should agree upon, it was understood the Emergency Shipbuilding Corporation, or their subsidiary housing companies, should have a mortgage both on the houses and grounds. That ought to let us out fairly well in the deal. Undoubtedly the cost of building these houses is going to be 30 or 40 per cent more at the present time than in ordinary times. Whether we can get the money out of the houses eventually is simply a question as to whether they are built in advantageous locations or not.

Mr. GILLET. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. GILLET. How was it anticipated originally that these workmen could be provided with houses?

Mr. EDMONDS. It was thought originally, I believe, that facilities, railroad or trolley, could be made to bring them to these different points. I can call to mind that in the Hog Island plant they have two trolley roads going there and they also are running motor busses. And then we have two different railroads going into the plant. And yet they do not seem to be able to bring the men in time, and the delays in transportation are so great that the men are discontented and do not stay long on the work.

Mr. STAFFORD. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. STAFFORD. From what distance is this corralled?

Mr. EDMONDS. From the city hall in Philadelphia to Hog Island is about 9 miles.

Mr. STAFFORD. Does the labor come from that radius of activity?

Mr. EDMONDS. I would say it does. The labor comes from all over Philadelphia. The houses in the Philadelphia project will be a mile or a mile and a half from the shipyards.

Mr. ALEXANDER. The gentleman might state what the city of Philadelphia is doing in cooperation with this work.

Mr. EDMONDS. The city of Philadelphia is doing whatever it can. They have advertised for a boulevard to run to Hog Island, on which there will be a two-track high-speed trolley, to enable the men to get to the works promptly, and they are prepared to perform all the necessary municipal work.

Mr. STAFFORD. In the progress of events in Philadelphia, how long does the gentleman think it will be before that boulevard, and trolley in particular, will be built?

Mr. EDMONDS. It was said by the members of the housing board that they thought it could be completed in about four months.

Now, to get back to the question of the gentleman from Pennsylvania [Mr. Moore] in regard to dropping the cost-plus percentage on contracts, I would like to say this: Upon making an inquiry of Mr. Flannery, who is employed—not a dollar-a-year man—by the Shipping Board—

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield five minutes more to the gentleman.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for five minutes more.

Mr. EDMONDS. Mr. Flannery, as I say, is employed by the Shipping Board. He is not a dollar-a-year man. He is a manufacturer and has a factory in Pittsburgh. He is a business man. Mr. Flannery told me the other day—and the chairman of the committee was present—that it was his intention to use local talent to supply the labor for these houses, and the Government, through the Quartermaster's or some other department, would supply the material. He said that that was rendered necessary at this time because the Government in most places has commandeered all the sand and gravel and lumber. Therefore in order to get this material we would have to go to some of these departments and get it released, so that it could be supplied for the houses. He said his idea was, where he was going to build a couple of thousand houses, to divide it up among five or six contractors who were experienced in building houses.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Pennsylvania yield to the gentleman from Iowa?

Mr. EDMONDS. Certainly.

Mr. GREEN of Iowa. I would like to inquire whether the board has ever considered the matter of modifying these cost-plus contracts—say to allow 5 per cent, which was thought to be a reasonable amount, and then reducing the percentage as the cost advanced, so that there would be some object in reducing the cost?

Mr. EDMONDS. The contracts would not be given on the cost-plus plan. It would be so much to be paid to the man; whether he spent a million dollars or a hundred thousand dollars, he would get no more out of it than the agreed price. The idea was to employ the builder at such and such a price, and no more than that.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. STAFFORD. There have been in past times large building contractors in Philadelphia who have given themselves over to building large continuous rows of homes. Why does not private capital furnish homes at this island tributary to the navy yard?

Mr. EDMONDS. Because this location is not available at the present time. It will be in the course of three or four years, but it is not now. There is ground nearer the city where they would build in preference to building here.

Now, there are two classes of houses in prospect. First, they are going to build in a place where it is evident that these houses can not be sold afterwards. So far as I am concerned, I do not believe in the idea of the Government selling any of these houses until after the war. But that is a mooted question. Then they are going to build in a place where the houses can be sold afterwards, in a place nearer to permanent industry. They are to be five or six or seven room houses and are going to be built in attractive style, so that they would attract workmen. They believe when they build these houses they eventually will be able to sell them all off, because their venture stops with the war, of course.

Then they are going to build a type of frame house which will either be in a position to be torn down if they can not sell it, so the loss will not be so great. They also will build large club-houses or hotels or boarding houses out of wood for single workmen. The other houses they are building are for married men, so that they can bring their families there. These club-houses or lodging houses for single men will be of wood, so that if there is no use for them in the future at the plant they can be torn down and taken somewhere else, just as in the case of cantonments if we can not use them further.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. EDMONDS. I ask unanimous consent to extend my remarks.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend and revise his remarks in the Record. Is there objection?

There was no objection.

Mr. GREENE of Massachusetts. Mr. Chairman, I make the same request.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. HADLEY].

The CHAIRMAN. The gentleman from Washington is recognized for 10 minutes.

Mr. HADLEY. Mr. Chairman, the bill is essentially a war-emergency measure. It is intended to deal with facilities that are absolutely necessary, in the view of the committee, in connection with war production, and it is limited to the period of the war with Germany.

Of course, like many bills with which we are familiar which Congress from time to time has had to deal with, this bill deals with principles which would not be welcomed in time of peace or under ordinary conditions. But we have learned that we must treat emergencies as such, and deal with them as we face them according to the conditions.

Mr. WALSH. Mr. Chairman, will it trouble the gentleman if I ask him to yield?

Mr. HADLEY. Not at all.

Mr. WALSH. The gentleman states that this is a war-emergency measure. I desire to ask him what is going to be the situation if the Government is undertaking to construct, say, a thousand of these houses and they are partially completed and unfinished, and then peace should suddenly come? Where is that going to leave the matter? The authority, as I understand it, ends with the proclamation of the President. What will become of these structures and what would be the situation under the condition that I have indicated?

Mr. HADLEY. I understand the gentleman's question, I think. The purpose of the bill is to suspend the operation of the powers which are granted by its terms with the termination of the war. But all existing contractual relations or vested rights, as the case might be, would, under the authority of law, be perpetuated and effectuated and carried out. I do not conceive that there will be anything in this bill that would cut off a contractual or vested right when the war ceases, but the extension of the power which might be exercised now during the period of the war would be cut off at the conclusion of the war.

Mr. WALSH. Then the gentleman's view is that the powers and authority granted are war emergency measures, but the execution of the things undertaken to be done under those powers and authorities necessarily are not emergencies?

Mr. HADLEY. Necessarily the winding up of the investment, so far as the Government is concerned, between it and private parties which would arise under the execution of these powers would have to be effectuated in the ordinary transaction of business after the war closed.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. HADLEY. Yes.

Mr. ALEXANDER. The committee had that question under consideration, and we thought it unwise just at this time to say just how the business of this corporation should be wound up. We thought we would leave that to the Congress to determine after the war is over, when the conditions are met.

Mr. WALSH. I will not take up any more of the gentleman's time in asking for information.

Mr. HADLEY. The evidence before the committee disclosed, speaking generally, that the Council for National Defense had made a general survey of the housing situation throughout the country as applied to war industries generally, and that the Department of Labor had done the same, including the shipping situation; and it also disclosed the fact that the Emergency Fleet Corporation had devoted considerable time to the investigation of the situation as applied to its own activities. A coordination of all that testimony before the committee demonstrated that the necessity for labor in connection with war industries and the transportation of labor from one point to another had resulted in massing great numbers of workers at common points quickly and suddenly—points where there were no towns, no buildings—or, and in some instances where there were towns and cities, they had become so far overburdened as not to be able to meet the situation at all. The testimony also showed that the purpose of the Fleet Corporation is and has been to meet the situation first without housing, if possible, and that they had done that by means of transportation in many instances. Where they can relieve the condition by aiding in ferryboat service or in trolley-car service and other service in a supplemental way, the purpose of the corporation is to do that, and they resort to those means of relieving the local emergency in a given case only after having exhausted all the possibilities of local relief. It developed, as has been stated by a number of gentlemen who preceded me, that in many localities they were not able to give the necessary relief even through the medium of transportation. Where the center of activity is removed a considerable distance from a city or town, for instance, and transportation is not present, the housing demand is acute.

Secretary of Labor Wilson made a general statement before the committee, which it is interesting to note and from which I submit the following extract:

Large numbers of those men that are being moved into the lines of industry for the production of war material are skilled men. They have been working heretofore under the conditions of living and under the standards of living that have obtained for skilled men. In bringing them into the communities, with the absence of housing facilities, it is difficult to get them to remain, the result of which is a tremendous turnover of labor. The turnover of labor is a matter, of course, of loss of efficiency. Not only is there a large turnover of labor, which causes a loss in efficiency, but there is also difficulty in getting men to accept employment in places where the housing facilities are insufficient.

And Admiral Bowles, in stating the reason for this legislation, made this statement:

The reason that we have asked for the authority that is contained in this bill (S. 3389) is this: That we know that, in many cases, houses exist in the neighborhood of shipyards which, if we had the right to requisition—that is, the right to requisition the use of those premises—we would avoid the necessity for building houses to that extent, by using them for the homes of shipyard workers; and that power on our part will put the "fear of God" into the hearts of the real estate speculators who have bought up the property and are holding it at high prices in the neighborhood of all the shipyards in the United States.

That would be a very valuable power to us; and I believe it would be exercised in many cases by the taking of the use of houses; not actually acquiring the title to them, but in acquiring the use of them, for which we would pay a fair rental, upon a basis that we could reasonably adopt, a basis of the value prior to any demand that had raised the prices in the immediate vicinity of the shipyards.

The legislation is necessary in order to vest in the Fleet Corporation the power to acquire title to real estate and other neces-

sary property, a power that they do not have at this time. The only means by which the corporation has been meeting these extraordinary demands in the incidental way I have mentioned without this legislation is through the operation of some provision in the urgent deficiency bill of June 15, 1917. The attorney for the corporation who appeared before the committee expressed a doubt as to the authority to extend relief under that appropriation. I will not refer to the testimony, but he explained that it would be a strained interpretation of language to go further, if they had not already strained it, in fact, in going as far as they had gone.

Something has been said about the contract that is proposed to be made. The land may be taken by purchase, or by lease, or by condemnation. However the title is acquired, it may be that the Emergency Fleet Corporation will proceed to build the houses, or it may dispose of the land, and the laborers may build the houses through loans from the Fleet Corporation. A variety of conditions will arise according to the situation in the given locality. But the plan that they propose is for the shipyard company to create a holding company.

The CHAIRMAN (Mr. BANKHEAD). The time of the gentleman has expired.

Mr. HADLEY. May I have five minutes more?

Mr. GREENE of Massachusetts. How does the time stand?

The CHAIRMAN. The gentleman from Massachusetts has still remaining 36 minutes and the gentleman from Missouri 33 minutes.

Mr. GREENE of Massachusetts. I yield to the gentleman five minutes.

Mr. HADLEY. The stock in the holding company, of course, will be held by the shipyard company, and the plan of the Fleet Corporation is to deal directly with the holding company and to limit the transaction by provisions in the mortgage or by some side agreement. The plan contemplates security. I do not know that the bill specifically provides for the taking of security in connection with the proposed loans, but the plan that was contemplated before the committee, as the testimony showed, was that these loans should be secured upon the property of the holding corporation.

Mr. HARDY. That plan was stated by the attorney for the Shipping Board in very considerable detail.

Mr. HADLEY. Yes. I have it here.

Mr. HARDY. As to the kind of contracts he expected to draw.

Mr. HADLEY. Yes. The shipyard company would not desire to make a mortgage upon its own assets; but by limiting it to the assets of the holding company, of course when the transaction is complete there will be no liability outside of the assets of the holding company.

With the present conditions as to prices of labor and material and other contingencies surrounding the prosecution of business of this kind, the information of the Fleet Corporation was that the shipyard company would not take hold of this as a business proposition, but with the aid of the Government through the holding corporation, with its limited assets and the security upon the assets by the Government, which the Fleet Corporation intends to take, the result would be that the housing could be effected. I am satisfied from the testimony before the committee that the purpose of the Fleet Corporation in this respect is to expend only so much of the funds as are absolutely necessary to meet emergency demands, that they have a conservative plan in view for that purpose, and that it will be adequate to meet the situation if this legislation be enacted.

Now, whether it will take \$50,000,000 or not is another question. I do not know how much of that sum will be required. There was some difference of opinion before the committee as to that. I will state frankly that the committee did not have any very definite specifications upon that subject. However, the request was made for that amount, and as you can see, looking the matter squarely in the face, there is ample reason for that.

With a 70 per cent increase of labor in the yards between October 1 and January 1 of this year it requires no stretch of the imagination to see that as the shipbuilding business evolves and develops during the present year and the labor of the country engaged in the industry is centered at these points the conditions in question will become more acute and no one can foresee how much money may be required to meet the situation.

Therefore I am in favor of adopting the request as made to the committee and the Congress through this bill and relying upon the checks which we have—this is only an authorization. It must be met by appropriation subsequently—there will be the judgment of the Fleet Corporation as a check upon it as well as that of the Committee on Appropriations and of the House when it deals with the subject of appropriations.

I am earnestly in favor of the passage of this bill because I deem it absolutely necessary to meet a demand which lies at the very foundation of our war program. All concede that the construction of ships is of the most vital importance at this time. We must have them as fast as men and money can supply them and multiply them as rapidly as possible. [Applause.]

Mr. GREENE of Massachusetts. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman from Massachusetts has 31 minutes remaining and the gentleman from Missouri 34 minutes.

Mr. ALEXANDER. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. PRICE].

Mr. PRICE. Mr. Chairman, it is hardly necessary to have had any debate, I think, on this bill, as it comes from the committee with a unanimous report. I believe it will meet the views of nearly all the Members of the House. There are 132 shipyards in this country building ships for the United States, employing on the 1st of January between 180,000 and 190,000 men.

The estimated capacity of these shipyards in labor can be brought up to five or six hundred thousand men if necessary by working on more than one shift. When the Shipping Board faced this problem they realized that it was necessary to greatly expand the labor, and in doing so found that it was impossible to get labor at some points where they were building ships because of the lack of houses. Many of these shipyards are now being constructed at points where the population is slim, where there are no housing facilities, and they have come to Congress for additional power, as they had not the power to build houses, specifically, and acquire land for this purpose.

I think no one will contend that the building of ships is not one of the fundamental things for winning this war. At the present time it is perhaps the most pressing necessity we have before us. The other day a noted Englishman, Sir Walter Roper Laurence, a distinguished commissioner of the late Lord Kitchener, was in this country, and gave out an interview in which he said that the three things he would impress on the American people was, first, ships. He put that at the head of the list. Second, he insisted on riveting attention in the minds of American soldiers in France to the fact that their country is behind them. It might be incidentally remarked that no more convincing argument that we are behind them could be made to our soldiers in France than that we are building ships for the purpose of sending them supplies. Third, that there can be no peace until the Prussian war machine is smashed. Again, the Prussian war machine can not be smashed until America gets into the war with all its power, and America can not get into the war with all its power unless we have ships, and have them quickly.

So that it becomes a paramount need, the need of this hour. This great Englishman says that if he had an American newspaper he would place at the head of its columns in great letters these three words: "Ships, ships, ships."

So that I think that not only Congress but the country realizes that our great need is ships. We all know that to build ships we must have men, and we know that if we employ labor they must live somewhere, and therefore we are undertaking in this bill to provide for that necessity.

At the present time we have about 180,000 men engaged in building ships. This very day we are starting a campaign all over the country to enlist men to build ships, and each State is asked to contribute a certain quota. My own State is asked to furnish 5,000 volunteers. It is found that at these shipyards we are not able to employ half of the men that are necessary, not more than half of the capacity of these yards. Take, for instance, Sparrows Point, in my own State of Maryland, which is one of the points where they contemplate the housing project, there is employed to-day 3,500 men. There can be employed at Sparrows Point 7,000 men; in other words, just double what we have if housing facilities can be provided.

Mr. FESS. Will the gentleman yield?

Mr. PRICE. Yes.

Mr. FESS. Does the shipbuilding industry require some special skilled labor which is difficult to get?

Mr. PRICE. I will say to the gentleman that it does require a great amount of skilled labor, but it developed before our committee that they had taken steps to drill men who are not skilled. To-day they have a school for that purpose where they take the unskilled mechanic and train him to take the place in the shipyard of a skilled workman as the building program develops.

Mr. FESS. I understood that the Vocational Education Board had been asked by the Emergency Building Corporation to assist them in this particular, but I did not know whether it was in action.

Mr. PRICE. It is in effect. Now, as I say, at Sparrows Point we could employ 7,000 men instead of 3,500 men, but there is no place for the men or their families to live, and the transportation facilities have been developed about to the point where they can be developed.

It is also stated in the testimony, in respect to this one particular case, that if these 3,500 other men can be employed at Sparrows Point it will mean an additional tonnage of 75,000 this year. In other words, by building these houses at this one shipyard we will be able to increase the tonnage for our transport service 75,000 a year. You gentlemen realize, as we all do, that that is important, and that the housing project is at the very foundation of our success in building ships, and unless we provide it we perhaps will fall very far short of what we should. The question has been raised here about contracts. I want to say to you, gentlemen, that this is a matter that requires haste, and we all know, as business men, that whenever we are called upon to perform a task in a hurry it costs more money; but do we stop? It is not a question of spending a few thousand dollars, more or less. That is not the question at issue to-day in America. The question at issue to-day in this country is to win this war, regardless of cost, and we should not stop to haggle about it or to amend this bill in any respect that will hamper us in carrying out the purposes for which it is intended.

It is contended and has been stated that the Secretary of War the other day made a very exaggerated statement which the facts did not justify—and his statements have been attacked in Congress—when he stated that we could transport a million men to France this year. The facts are developing and have developed that the Secretary of War knew what he was talking about. To-day we learn that we are adding to our transport service and find that we have acquired German ships interned in Peruvian ports, some 40,000 or 50,000 tons. It has also developed that the Secretary of War knew what he was talking about in that we are utilizing ships furnished by our allies, and it has been necessary that this statement be given out to the country in order that the people may realize that they are not being deceived. To-day the best talent in the country and in the countries of our allies is being utilized to round up the interned German ships all over the world.

We learn that France, one of our allies, has just completed negotiations by which 110,000 tons of German interned ships in Brazil have been added to the allied transport service.

We learn further that our ally, Japan, is relied upon to furnish a million tons additional for transport service in the Atlantic. There are in Chilean ports 165,000 and in Spanish ports 200,000 tons of interned German shipping, which no doubt will eventually be added to our merchant fleet. Besides, there are 500,000 tons of Dutch shipping which has been tied up in American ports which is to be released for our use.

These prospects, added to the two and one-half millions of tonnage now in the transport service, with the assurance by the Shipping Board of from three to five millions new tonnage this year, amply justified the Secretary of War in making the statement that we could place a million men in France in 1918.

It is time to stop faultfinding and expend our energies in winning the war, and we will win it. We must win it. We will win it with ships, and Germany will find that this great, resourceful Nation will put their submarines out of business in one way or another. If we can not eliminate them entirely, we will build or acquire more ships than she can sink. We shall not only transport our men, but we shall supply them and win this war for the freedom of mankind everywhere.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

By unanimous consent, Mr. PRICE was granted leave to extend his remarks in the Record.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Chairman, when the industrial expansion in certain directions necessary for the mobilization of our resources for the war activities was under way, it soon became apparent that the question of housing presented a serious problem and would necessarily engage the attention of the war-making machine. The first study on this subject was given by the committee on labor of the advisory Council of National Defense. That committee created a subcommittee on this subject, the chairman of which was Mr. Eidlitz. This subcommittee gathered information from all possible sources and also examined into the experience that England has had on the question of housing. Since the war has begun it is a fact that England has actually expended up to the present time on housing for labor engaged in war industries \$700,000,000, and at the present time there is under consideration a budget for that purpose amounting to \$1,200,000,000, so that in a short time England

will have expended on housing the sum of about \$2,000,000,000. No suggestion of housing on such a scale is made by anyone in this country, and I merely refer to it to show that the problem is a real one and is intimately associated with the successful development of our resources and the successful prosecution of the war. After the Eidlitz commission had gathered the material and made investigations and were ready to submit suggestions, it was determined that this subject might be handled by the Department of Labor, under the Secretary of Labor, and the War Labor Board which was created, of which Mr. John Lind is chairman, was given jurisdiction over the subject. They took the data that was gathered by the Eidlitz commission and proceeded to follow and supplement the investigations and the facts ascertained by that commission. In the meantime lack of housing in the shipbuilding activities, and specifically in several of the shipyards on the Atlantic coast, became pressing, and in the Emergency Fleet Corporation was created a department, of which Mr. J. Rogers Flannery was placed in charge, his title being director of housing, and that department in part using the information gathered by the Eidlitz commission and also the information supplementary to the Eidlitz activity gathered by the War Labor Board, after study of conditions in specific yards, came to the conclusion that immediate relief was necessary. They caused this bill to be drafted and introduced. The bill has been passed by the Senate and is now reported from the committee here. They contemplate solely to take care of the housing proposition as it relates to laborers in the shipyards constructing ships for the Government. They contemplate immediately to avail themselves of the powers granted by this bill at three yards—Sparrows Point, which has been spoken of, Hog Island, and Newport News.

Mr. WALSH. Did I understand the gentleman to include Hog Island in the three yards mentioned?

Mr. LEHLBACH. Yes.

Mr. WALSH. That is the yard in Philadelphia?

Mr. LEHLBACH. It is 9 miles below Philadelphia. That is the yard of the International Shipbuilding Corporation.

Mr. EDMONDS. That is in Delaware County, Pa., not in Philadelphia.

Mr. LEHLBACH. Yes; I said it was 9 miles below Philadelphia. In dealing with the question of housing generally it has occurred to me that where there are several governmental activities at the same point, including shipbuilding, the question of the necessity for and affording facilities for housing should not be dealt with by each department separately, but should be dealt with by the Government through cooperation of the various departments. In order to illustrate this general proposition, I would like to advert to the conditions in the city of Newark, which in part I have the honor to represent. They have there the Submarine Boat Corporation, which is constructing under contract fabricated ships. There are at present employed there about 2,500 men. When this plant is working to capacity Admiral Bowles states that he expects there will be employed about 15,000 men. Contiguous to the shipyard is a tract of land taken by the War Department, where there is being developed a quartermaster base for trans-Atlantic shipments. A good part of all the goods necessary for the support of the expeditionary forces in France is to be gathered there and shipped from there to Europe. When the warehouses and the necessary facilities are complete, it is estimated that possibly in the neighborhood of 30,000 men will be employed there, making in these two plants side by side in the neighborhood of 40,000 to 50,000 people employed directly on Government work. Now the city of Newark is absolutely without the facility to absorb the increase of labor to that extent. The housing question must be met, and necessarily must be met in a measure by the Government. The people of the city of Newark are willing to the extent of their ability to cooperate. This bill, of course, is simply for the Emergency Fleet Corporation and that corporation in the initial activities which it will be empowered to undertake intends only to take care of shipbuilders.

Mr. WALSH. Will the gentleman yield?

Mr. LEHLBACH. I will.

Mr. WALSH. How much is the city of Newark willing to contribute in dollars and cents toward this project by way of cooperation?

Mr. LEHLBACH. The people of the city of Newark?

Mr. WALSH. Yes.

Mr. LEHLBACH. I understand a suggestion has been made that there will be no trouble at all as a starter of raising a million and a half dollars in the city of Newark among the private individuals and business houses, and what we want and what ought to be done when a condition similar to this is met anywhere in this country is not for the Emergency Fleet Corporation to proceed independently and provide for housing under

a plan of its own for its immediate employees, and to have the Army under the Quartermaster's Department take steps for the housing of 30,000 or whatever number it may be of those employed in its activities and to have the various concerns that are under the supervision of the Government on war contracts independently to take care of the housing of their employees, but a proposition like this in a community like this ought to be treated as an entirety, and there ought to be cooperation between the Army, the Emergency Fleet Corporation, the board of trade or other agency through which public-spirited men, manufacturers, and men of finance may act in dealing with the question.

Mr. MADDEN. Will the gentleman yield?

Mr. LEHLBACH. I will.

Mr. MADDEN. The gentleman's idea is that this bill should be so amended as to make it a general housing proposition, and then allow the various departments to go to the Committee on Appropriations and get such appropriations as may be authorized under this bill for the activities in cooperation one with the other?

Mr. LEHLBACH. No; I would not amend this bill at all. I think the bill in its terms is broad enough to allow the Emergency Fleet Corporation to cooperate with any other department of the Government, or any private agency in dealing with the housing problem, and I think the bill ought to be passed because it has passed the Senate and will speedily, if passed here, become a law, and operations under it where they are of an extreme emergency character can be begun. But I think housing activities ought not to cease with this bill. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. LEHLBACH. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey? [After a pause.] The Chair hears none.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 11 minutes to the gentleman from Pennsylvania [Mr. Moore].

Mr. MOORE of Pennsylvania. Mr. Chairman, it is my present intention to offer an amendment to this bill when the proper time arrives, the effect of which amendment would be to limit the percentage paid to contractors or subcontractors to whom any part of the work may be awarded. The expenditure of \$50,000,000 even in war times is no small matter, and great waste can follow the expenditure of so vast a sum. While we make an exception in the matter of limitations on expenditures in war times, we should not, in my judgment, permit contracts to be so made as to encourage profiteering. If there are times when men should be patriotic and work at a reasonable figure for their Government it is when the country is in the throes of war and when it needs the assistance of its patriotic citizens. Some reference has been made to Hog Island during this discussion, and I am rather glad it has been. There is no question but that the site called Hog Island is a good site for a shipyard. It is located conveniently below the city of Philadelphia, very close to Fort Mifflin, and has deep water to the sea on the Delaware River. It is within easy access of the great fuel fields of Pennsylvania and the labor and material markets. It is located where everything conduces to the business of the shipbuilder. The Delaware River with its independent shipyards, prior to the outbreak of the war and since their having been commandeered by the Government, provided the largest shipbuilding activities in the United States. Since the Government has introduced new operations along the Delaware River it has become not only the greatest shipbuilding center in the United States but probably in the world. I question whether the Clyde to-day stands on a par with the Delaware River, so far as future prospects in shipbuilding are concerned. With such a record, no patriotic citizen of Philadelphia or Pennsylvania or of the States of New Jersey or Delaware, bordering on the Delaware River, would hesitate for one moment to put his stamp of disapproval upon waste and extravagance of Government money along the Delaware River in war time, no matter by whose authority that waste and extravagance had occurred. Much has been said before this about the manner in which the men who are supposed to "know how" to speed up shipbuilding operations have performed their work on contracts coming from the Shipping Board or the Emergency Fleet Corporation. There have been grievous complaints about the manner in which the work has been done. What we wanted was ships, but they speeded up in the matter of congestion of men and material, and they seem to have speeded up in the matter of the expenditure of extravagant sums of the Government's money. We want a great shipyard at this point, and my judgment is that, properly conducted under Admiral Bowles or any other efficient, honest manager, it will

be what we predict for it—the greatest shipyard in the United States. I am hopeful that the Shipping Board, no matter what has happened heretofore, is now putting itself in position to bring order out of chaos and establish at this point a yard of which the Government will be proud.

I intend, as I say, to offer an amendment to this bill to limit, if possible, the impediments to speed in construction that seem to have halted our operations thus far. Indeed, I wish such an amendment might be offered to other bills for the construction of cantonments and other great Government works where, with all allowances for the haste we desire, some extravagance has undoubtedly occurred. Men are prone to excuse extravagance and waste, and even graft in war times, for the sake of obtaining speed, but it is not the business of the legislature to atone or apologize for any one of these offenses. The legislator ought to put himself in position to hold up the department and make the department hold up the operator, manager, or contractor under its direction, to do the right and the honest thing. We can not as Members of the great National Legislature afford to stand for dishonesty or graft, even in war. Now, one of the troubles at this particular point was this: That the "men who knew how," and who got their contract from the Shipping Board, which had confidence in them evidently, was that they packed up everything, men and material, at this point, so as to impede their own progress. They helped to disorganize industries throughout the city of Philadelphia by offering unheard-of wages to all sorts of men and mechanics, drawing them from the legitimate industries and embarrassing existing plants that were also working on war orders. The effect upon other shipyards was to delay their operations and postpone construction. Instead of having a stabilizing influence on industries generally, they upset their own calculations and those of other concerns expected to cooperate with them. That is one point. Another point was this: They piled up lumber and material about that yard to such an extent that before the great freeze came there were hundreds, if not thousands, of cars on the tracks waiting to unload that did not unload. I had many complaints as to this. One of them went to the Shipping Board so long ago as November 27 concerning shipments of lumber that could not get through to legitimate purchasers beyond Hog Island, in Philadelphia and elsewhere, because the cars blocked the tracks, or in other instances could not be had to carry that lumber. The result was that when the freeze did come, and the demand arose all over the country for coal and for cars to carry coal, many of them stood upon the tracks at this point laden with lumber. The contractors—these men who "knew how," these men who were supposed to be efficient and drawing large salaries—apparently did not want to unload them.

Why? One of my correspondents tells me that he brought it to the attention of the Shipping Board that the demurrage on these cars standing on the tracks idle for weeks, and some of them for months, was charged up into the general contract price and included in the 10 per cent plus paid. So there was a premium, if that was true, upon the culpability of the contractor. The more he spent the more he wasted; the more extravagant he was, the more the Government paid him for that kind of service. That is the evil of the contract plus system.

I do not stand for crooks, whether they come from my city or your city, from my State or your State. I do not stand enthusiastically for the patriotism of the profiteer who takes advantage of the stress of his Government. I do not believe that you do, or that the Shipping Board does, or that any department in Washington wants to do so. But it seems to me proper to call attention to some of these things and to say that we can locate a little of the trouble for the coal shortage at the homes where the people have been freezing through two or three months past. We can locate a little of this responsibility for this extravagance, and perhaps we can trace some of it back to the law that Congress itself passed when it gave a vast sum of money in a lump to the Shipping Board and through it to the Emergency Fleet Corporation, and through it to certain building corporations, who eventually could pay exactly what they pleased to material men, to landowners, to workmen, to managers, and to advertising agents, and others, in such a way that the largest amount of money might be spent to obtain the largest possible commission. We ought to regulate that now if we can.

Gentlemen, this unlimited-expenditure method is a thing that Congress ought not to stand for. Neither the Senate nor the House should permit a bill to go through that will admit of conditions like those described. If departments be blind, due to an excess of patriotism and ardor in time of war, Congress at least should be careful.

The amendment I shall offer at the proper time will seek to limit the commissions paid to contractors and subcontractors to,

say, 5 per cent on the direct cost of the work they shall do. I am not wedded to any particular figure, however. Let them bid in any way the department sees fit to have them bid, but let them fix a price for their work and let their commission be fixed upon that price. Let us have something better and fairer than the present system which holds up cars, increases congestion, involves demurrage, checks speed, and disorganizes other factories. Let those who go into this housing proposition understand that they will be fairly treated but that the Government is amply protected. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. ALEXANDER. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Chairman, it would have done the hearts of the Members of this House good to have seen, in Baltimore, Saturday last, thousands of shipbuilders from one of our shipyards parading through the streets of our city. They were a splendid lot of men, thoroughly trained and efficient in their work. Many of them have been trained for this work only since the war began, and are among the best shipbuilders which we now have.

Baltimore is doing everything within its power to meet this great emergency. Shipyards have sprung up in various sections, and at Sparrows Point the Bethlehem Steel Co. is spending millions of dollars in order to meet the demands of the Government. The housing question has been extremely severe in my city. We must realize that in addition to the great shipyards long ago established there has sprung up many others. Then there is the great Camp Meade, within 17 miles of the city, which occasions many people coming to our town to enter into business, and to do business with the camp.

Then there is the great Ordnance Department which has been established in that section known as Curtis Creek. Some 900 acres of land have been secured there, and on this tract immense buildings of concrete are being erected, which will require a large amount of labor.

Then there is Aberdeen, the great proving ground, on the Susquehanna and Chesapeake Bay. On certain mornings I have seen as many as 2,000 men leaving the city of Baltimore to go to that camp at Aberdeen. Then in addition to that there are the great repair shops at Canton, on Colgate Creek, just outside of the city limits. They are expending large sums of money to construct those repair shops, which are to employ two or three thousand men, where automobiles are to be assembled and shipped abroad and where repairs to machines are to be made.

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Maryland yield to the gentleman from Missouri?

Mr. LINTHICUM. Oh, let me finish these matters, and then I will be glad to answer questions. Then we have a depot for the Quartermaster General, where we gather the things to ship abroad to supply our troops. In addition to that we have Fort McHenry; and I want to say to this committee in reference to Fort McHenry, that that plant has been rapidly developed into a great hospital, and the identical buildings which this Congress was so good as to appropriate for are now completed, constituting a magnificent set of immigration buildings, and they are completed at the very time when we absolutely need them. They are now being converted into hospitals, and will accommodate some thousand beds when they are completed. They constitute a group of splendid buildings ready for occupancy at the very moment they are most needed. It seems almost as though we were looking into the future when we appropriated for those buildings.

Now, Mr. Chairman, I do not want to take up too much time on this subject, but—

Mr. BORLAND. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Maryland yield to the gentleman from Missouri?

Mr. LINTHICUM. I yield to the gentleman.

Mr. BORLAND. I am glad the gentleman has completed the enumeration of the activities centered at Baltimore. I want to ask him whether he does not think entirely too many of these activities have been centered in these eastern cities, causing this congestion of freight and labor and this shortage?

Mr. LINTHICUM. It is absolutely necessary to concentrate a large part of these things about the ports of the country. I have repeatedly tried to call attention to that and to the fact that the Atlantic ports furnish the gateways to the world.

Mr. BORLAND. Only about half of them are necessary at the seaboard.

Mr. LINTHICUM. That may be the gentleman's opinion. What we want is to get these things as near to the shipping point as possible, and the ports along the Atlantic seaboard are absolutely necessary for that purpose.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. LINTHICUM. Certainly.

Mr. MADDEN. I was going to suggest to the gentleman that if the location of these factories had been distributed throughout the country the congestion would not have taken place and the assembled products could have been shipped to the ports for transportation to Europe just as easily as before.

Mr. LINTHICUM. I think that question has been abundantly answered by the experience of great business concerns of this country, that it is easier to ship parts, and that you can ship them more cheaply and better and more of them than by sending them to the point where you want them and there assembling the parts. The Ford industry is establishing assembling plants throughout this country. Does the gentleman think they would do that if they could do it cheaper otherwise?

Mr. MADDEN. They are not all assembled in Baltimore?

Mr. LINTHICUM. No; I assume they have established one for Chicago.

Mr. MADDEN. We would not then have to provide for housing. If they are distributed all over the country the cities could provide for the housing of the necessary workmen themselves.

Mr. LINTHICUM. You could not distribute the employees of the Bethlehem Steel Co.; that is the place where they need this housing. We could easily give work for 7,000 employees at those works alone. We are taking care of men there, but in order to do the work it is necessary to have the homes to bring these people to. I think we ought to provide at Sparrows Point just as substantial homes as practicable, homes that will last, because Sparrows Point is constantly growing, and has been growing for years. I have no doubt if the Government will put up the proper homes, economical and useful homes, at that point it can dispose of them, if need be, without the loss of much money, or with the loss of only very little money.

The reason why private building enterprise of consequence has not been going on in Baltimore is the fact that private builders can not get workmen and material. Private building has dropped off almost entirely on that account. The Government commandeers materials. It is on that account that private individuals did not build the necessary homes to house these workmen. Some people have attempted to build homes, and it has really almost worn them out to get the labor and material. When you go to the man who has contracted to furnish it he will say, "Yes; I had the lumber, but the Government came along and commandeered it, and you will have to wait." That is the case all along the line. Private builders can not get the workmen or the material, and the only thing that can be done is for the Government itself to take it up and do it.

Now, there is another point I want to take up. I notice that the press speaks of the fact that only 50 or 60 per cent of time is being secured from the workmen as a whole. That is partly because the laborers have not homes to live in. They are moved about from one point to another instead of being located at some particular plant. Some of it, I presume, is because some men are not working full time. Some men perhaps realize that they can live on three or four days' salary for a week, and such men do not put in full time. I think there ought to be a movement in this country which would impress upon the men who are not doing full work the folly of such conduct. They should understand that they are depriving the Government just as much by not giving it the proper amount of labor as the man who refuses to pay his portion of taxes for the support of the war; that a man who will not furnish the full amount of labor that he ought to furnish when the Government needs it so badly is injuring his country and injuring his neighbor just as much as the man who refuses to pay the full taxes. I think there are lots of people in this country who are not putting in full time, who are working perhaps only three or four days a week, who do not realize that they are doing wrong. They seem to think it affects only themselves. There ought to be some movement on foot to let every man know that this is a time when every hour of a workingman's day is needed and every full day's work is sorely needed, and that he ought to perform it in the discharge of his duty, not only to himself but to the country.

Many feel that when they have earned sufficient to live upon whether or not they work is a matter of their own concern and does not affect the Government. We should bring to the attention of all our people that the man who does not put forth every effort and give the proper week's work toward the production of this country is doing the same harm as the man who, having money, refuses to pay his taxes for the support of the Government enterprises.

Our people want to do the right thing. They want to give this Government every facility for the winning of this war, and I am sure that if we but bring it to their attention every effort will be put forth not only in the payment of taxes and in

the production of food, but in giving full labor time, which are all essential elements to success.

The man who is physically and mentally capable of performing work is laying down on the job when he does not give a full week's work to whatever enterprise he is engaged in. The man who loafs is just as much a slacker as the man who does not perform his duty in the Army when called. He is just as much robbing the Government in this great crisis as the man who neglects or refuses to pay his proper proportion of taxes.

I want to see every man capable of doing good work, rich or poor, perform his part of the task of winning this war. The great artisans and laborers of our country, those who realize the responsibility resting upon them, are performing a full day's work and a full week's work, while some of our people, not realizing this situation and having sufficient upon which to live, are not performing their part. All must work and every man must be shown his duty in this great conflict.

Scripture tells us that "He who is not with us is against us" and "He who gathereth not with me scattereth." The man who is not performing his work when he is able to do it and is consuming the food of the country during his inactivity is not only not with us but he is against us in that he consumes that to which workers are entitled and which our allies so badly need.

Now, Mr. Chairman, in conclusion I want to say I sincerely hope this bill will pass. It ought to pass unanimously. I want to see these activities taken care of. But there are other governmental activities which also ought to be taken care of, and which certainly will have to come before us, because they have not the housing accommodations, and I am very sorry that this bill does not embrace all Government enterprises. I believe it ought to be done, and I am sure it eventually will be done.

Mr. FESS. Will the gentleman yield for one question?

Mr. LINTHICUM. Certainly.

Mr. FESS. Referring to the problem of labor, would it be at all feasible to employ conscription to secure labor in Government munition plants or in shipbuilding plants?

Mr. LINTHICUM. It might be; but I do not believe we ought to be compelled to resort to conscription for this purpose. I believe that when the laboring man is once brought to know that when he does not perform a full week's work he is depriving the Government of something it is entitled to just as much as the man who does not pay his proper taxes, he will perform the labor that he ought to perform. The whole trouble is that many men of this country do not realize it. It is a new doctrine. There are so many new doctrines and responsibilities continually arising that it is difficult to keep abreast with them.

Mr. ALEXANDER. I yield one minute to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman and gentlemen of the House, the housing of men employed in the shipyards is a question that is not only very pressing in the East but it is also pressing in the West. It may be comforting to some of the Members of the House to know that the first ship completed for the Emergency Shipping Corporation was completed in the city of Seattle, in the far Northwest. We have in our city many, many thousands of men working in the shipyards, and we turned out a vessel for the United States Emergency Fleet Corporation in 5 months and 15 days from the time her keel was laid. I understand she is an 8,800-ton ship. I show to the members of the committee a photograph of the first ship turned out for the American Emergency Fleet Corporation, the steamer *City of Seattle*, which sailed on her initial liberty voyage on January 14, 1918. [Applause.]

Mr. ALEXANDER. I yield two minutes to the gentleman from Maine [Mr. WHITE].

Mr. WHITE of Maine. Mr. Chairman, I have a very keen appreciation that the discussion which has preceded has left very little of information to be imparted to the House on this question, and I take the floor chiefly to give further evidence of the unanimity with which this measure is supported by the members of the committee, and very briefly to summarize the considerations which lead me personally to approve of it. It seems to me that the justification, the compelling necessity, for this legislation is based upon two or three propositions. First is the need for ships. The call for tonnage to supply the men now across the water and for increasing tonnage for those who must go is persistent and insistent. Men, munitions, food, and clothes call in imperative tones for the exercise of American ingenuity and of every energy for the production of our ships. The duty is clear, and we must meet it as best we can.

The next proposition is that we must supplement the force of men now employed in our shipyards and increase the efficiency of that working force. There are some aspects of the situation which are disquieting. It appears that at the present time, or as of the 1st of January, we had approximately 180,000 men

employed in our shipyards, with the need for at least 300,000 men. It appears, too, that of the shipyards now at work 10 to 15 per cent are not working at their present capacity, and of more sinister significance is the fact that the present capacity of these yards is less than 50 per cent of their ultimate and contemplated production. We learn, too, that the turnover of labor is appalling, the average in the shipyards engaged in Government work reaching 600 per cent, a condition bespeaking industrial chaos and enormously impaired production, and for which lack of adequate housing and inviting surroundings is in no small degree responsible. It is this need of ships, a recognition of the unsatisfactory conditions in our shipyards, and the hope that this legislation will tend to stabilize, encourage, and inspire labor that lead me to give my cordial support to this measure and to express the hope of its speedy passage by the House.

Mr. ALEXANDER. I yield to the gentleman from Alabama [Mr. BANKHEAD] five minutes.

Mr. BANKHEAD. Mr. Chairman, in the early course of the debate the gentleman from Massachusetts [Mr. GILLET] submitted an inquiry to the chairman of the committee [Mr. ALEXANDER] as to the necessity for this specific piece of legislation. He seemed to assume that if the amount of money required were appropriated under the provisions of existing law the Shipping Board would have authority of law to carry out the purpose vested by this bill.

The counsel for the Emergency Fleet Corporation, when he was before the committee, stated that one of the reasons why he was anxious to secure the enactment of this bill was to clear up that question of the specific authority. Another object in the passage of the bill is to suspend the existing law with reference to the requirement that in making appropriations of public money it shall not be expended until the written opinion of the Attorney General shall be had in favor of the validity of the title of land acquired. One of the provisions of this act suspends that feature. Another matter desired is to grant authority to requisition lands and houses, which is not conferred by existing law.

But, Mr. Chairman, the main purpose of my asking the courtesy of a few minutes was to read into the RECORD a part of the hearings before the committee, the statement of the counsel for the Shipping Board with reference to the minutiae of the operations by which this money would actually be expended, because I think probably it will be instructive and illuminating to the committee. He stated:

If I may describe now, gentlemen, the transaction we propose to use. In these cases where we lend the money the shipbuilding company will form a separate small company, the stock of which will be owned entirely by the shipbuilding company, and it will acquire the title, free and clear, to certain land that is suitable. In some cases the shipbuilding companies now own the land. The reason for having a separate company is one of convenience in keeping accounts, and it also has to do with a refusal on the part of the companies to make a corporate mortgage which would obligate the company and all its assets for the repayment of the loan. They take the position that they would not build houses at this time because of the expensive cost, the high price of labor, and the difficulty of getting materials, so that they are insisting upon having these separate companies.

Of course, our first direction to them is that they shall not make any money out of this housing business, and we shall use all of our ingenuities to see that they do not make any money out of this housing business, because this is a war measure, and we are putting money in in an unusual way, and we want to provide houses for these employees and not for the profit of any land-development company. There will be no salaried officers nor directors; there will be no commissions allowed in any way. The shipbuilding company will be allowed to have a 6 per cent return on its actual investment at cost that they can show by an actual audit of their books to us, and that is all.

And then there are very interesting pay-off provisions of the mortgage that we will have. We propose to lend the money to these subsidiary companies at 4 per cent interest for 15 years, and, beginning with the fourth or fifth year, that they shall pay off 3 per cent on the principal. Now, bear in mind that it is a separate little company that is making this arrangement with us. We control the arrangement; we control the sale prices. We hope that all of these houses will be sold to the shipyard employees, and it is our intention to make the documents in such form as to facilitate sales. For instance, we mean to take a blanket mortgage for all of our advance, and that blanket mortgage will have a schedule of release values annexed to it, so as to each particular plot of land and house in that development there will be an ascribed value. We plan to replace that blanket mortgage if an employee comes along and wants to buy and to take a separate mortgage on that particular tract, so that that employee will get the benefit of a 4 per cent mortgage. He can not get it now at 6 or more per cent, and it will aid him to that extent in financing his own home. There will be practically a trivial amount of cash required for a man to acquire a house in any one of these developments, and we intend to see that they are sold off to employees just as fast as possible.

Mr. GREENE of Massachusetts. I yield 10 minutes to the gentleman from Wisconsin [Mr. LENROOT].

Mr. LENROOT. Mr. Chairman, in view of the disclosures that have recently appeared with reference to the contracts let by the Shipping Board at the Hog Island yard and some other shipping contracts I am sure that every Member of the House, including the members of the committee reporting this bill, feel reluctant to grant the power contained in this bill appro-

priating \$50,000,000 for the purposes therein specified, practically without any restrictions. And yet we need ships. We need men to build them. We can not secure them unless we provide housing facilities for the men who are to build them. And I agree with the committee that it is not practical, probably, to provide any restrictions in this bill upon the expenditure of the money by the Shipping Board. But I believe, Mr. Chairman, that there ought to be some check not only upon the Shipping Board, but upon every other department of the Government, and I am hopeful that before we go on very much further we may have a general committee on expenditures to inquire into the expenditures that may be made under this bill and under other bills that we pass providing large appropriations.

With reference to the Hog Island yard, I have no hesitation in saying—and no man on either side of the aisle will deny—that if the committee on expenditures proposed last summer had been created millions of dollars would have been saved to the Government in the Hog Island yard. And not only would millions of dollars have been saved, but by this time keels for some ships would have been laid in the Hog Island yard where to-day there is not one.

I understand, as we all do, that the President objected to that committee because he thought it might be a reflection upon him. No one holds the President responsible for these almost criminal, or, if not criminal, reckless extravagances at Hog Island yard. The President of the United States can not be presumed to know all of these details. He is responsible for but one thing, and that is the appointment of the men who make these expenditures, and beyond that his responsibility can not go. It is no reflection upon the President that Congress is called upon to make appropriations to provide some means of investigation of how appropriations are expended by this board or by any other department of the Government.

The corporation having the contract for the Hog Island yard is to receive \$6,000,000—for what? For furnishing, as they say, the "know how." In the testimony before the Senate investigating committee, the only "know how" that they have furnished the Government is knowing how to loot the Treasury, and they have been exceedingly successful in that.

Another phase of this matter which I wish to discuss is that housing facilities are necessary for shipyards, and not only for shipyards, but we will be called upon soon for housing facilities for many other plants of different kinds. This comes, in some part at least, by letting contracts—and I am not referring to shipyards, for I realize that they must be on the Atlantic and Pacific coasts and the Great Lakes—it is due to the fact that in letting the contracts no regard has been had in letting them as to the supply of labor in the vicinity of the plant where the contracts are to go. I hold in my hand a very interesting map, which gives the location of 2,381 firms that hold about 50,000 important war contracts. They are all congested in three or four States. [Exhibiting map.]

Is it any wonder, when you look at that map, that we have a congestion of transportation; that we have a congestion of labor and a failure of the coal supply? No contract involved the installation of any new plant, unless it be something in the nature of a shipyard, that must be on the coast, no new contract should be let in the future that would be located anywhere in this congested area. Everything in the way of a war contract that can be provided in the interior from this time on should be provided for in the interior. In that way we will solve in a large degree the question of transportation, we will solve in a large degree the question of labor. We have no shortage of labor in the interior. We have not labor enough in the States where congestion now exists, and the difficulty is going to increase day by day if the present policy is to be continued of centering war contracts in two or three States.

Mr. MADDEN. Will the gentleman yield?

Mr. LENROOT. Yes.

Mr. MADDEN. The map which the gentleman presents is very illuminating. Is it the intention of the gentleman to have the map published in the RECORD?

Mr. LENROOT. I should be glad to have it published if I could. It was prepared by the Department of Statistics for the Council of National Defense on the 17th day of last January.

Mr. MADDEN. Mr. Chairman, in view of the fact that the map tells the story as no speech can, a story that everybody ought to know, I ask unanimous consent that, in connection with the speech of the gentleman from Wisconsin, that the map be published in the RECORD.

Mr. GREEN of Iowa. I suggest that we have some rule in reference to the publication of such matters.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the map produced by the gentleman from Wisconsin may be published in the Record in connection with his speech. Is there objection?

Mr. MOORE of Pennsylvania. Reserving the right to object, I did not hear the gentleman as to the area this map covers.

Mr. LENROOT. The whole United States.

Mr. MOORE of Pennsylvania. And it shows the congested area.

Mr. LENROOT. It shows the location of each firm having a war contract.

Mr. MOORE of Pennsylvania. With all due respect to the gentleman from Illinois and the gentleman from Wisconsin, I think it would be absurd to provide for the building of ships in the interior of the country.

Mr. LENROOT. I stated specifically that I did not make any such contention. I excepted shipbuilding.

Mr. MOORE of Pennsylvania. We have the water on the coast. Why should not we give the work to firms who can build the ships where they can get them out?

Mr. STAFFORD. And we have mud flats, too.

Mr. MOORE of Pennsylvania. Yes; and some gentlemen would like to build them on the Rocky Mountains.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois to print this map in the Record in connection with the speech of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. LENROOT. Mr. Chairman, I have only one thing to add, that in my opinion the letting of contracts in the future that involves the location of new plants, with the exception of ships, be placed in the interior, and if that is done it will help solve in part at least not only the question of transportation but the question of supply of labor as well.

Mr. COX. Will the gentleman yield?

Mr. LENROOT. Yes.

Mr. COX. The gentleman has hit the keynote of the whole situation. In central Indiana is the limestone belt of the United States. As the result of the failure to build buildings, the industry has practically gone to pieces. In one county in my district there are something like 7,000 skilled mechanics out of employment.

Machinery worth \$20,000,000 is standing idle. The owners of these mills have come here and tried to get war contracts, but failed, although they offered to put in extra machinery. Men have their own houses and homes, there are splendid transportation facilities, but the men can not get a dollar's worth of these contracts.

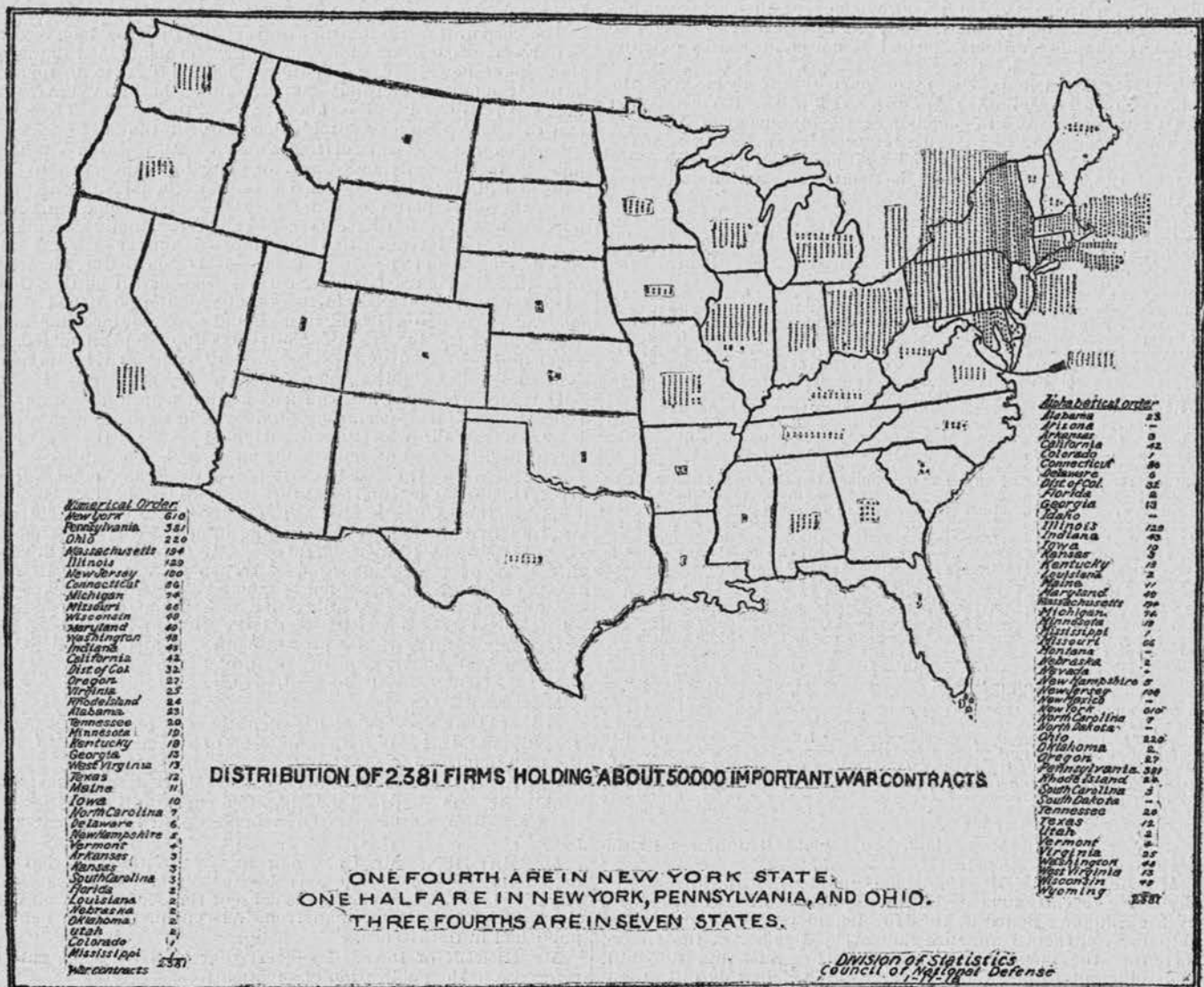
Mr. LENROOT. The gentleman has correctly stated the situation. I think that in the letting of war contracts, no matter by what department it was let, there has not been given any consideration whatever to the supply of labor in the vicinity where the proposed contracts were to be fulfilled.

Mr. EDMONDS. I would like to ask the gentleman from Indiana, through the gentleman from Wisconsin, whether they have tried the bankers in New York?

Mr. COX. No; I do not know whether they have or not.

Mr. LENROOT. I believe that so far as Hog Island is concerned, the Shipping Board is now taking hold of that situation and are proceeding to clean it up as it ought to be cleaned up. The very fact that such a situation has existed, it seems to me, creates the necessity for the House of Representatives or Congress having some committee that will be able to assist not only the Congress and the public but these departments themselves in ferreting reckless extravagance such as has been practiced. [Applause.]

The map referred to in Mr. LENROOT's remarks follows:



Mr. ALEXANDER. Mr. Chairman, I will occupy only a moment or two in concluding the general debate. I am very glad the gentleman from Wisconsin [Mr. LEBROOK] and the gentleman from Illinois [Mr. MADDEN] have emphasized a condition existing at this time that might have been obviated by a wider survey of the resources of the country; but the criticism does not apply to the Emergency Fleet Corporation, because we can not build ships in the inland section of the country. They must be constructed on the seacoast or on the large rivers contiguous to the seacoast. The problem before us we all seem to realize. The turnover in labor at this time is so great that unless it is stopped we can not hope to carry out our shipbuilding program. If we can provide convenient and comfortable homes in which the workingmen may live, we will not only largely stop that turnover in labor, but the tendency will be to stabilize the labor cost of construction in shipyards. Now, one yard is competing with another by promise of increased pay and, in some instances, better housing facilities, and men are traveling from yard to yard, and the result is immense waste in time and cost of production. Then, too, the labor of the country ought to understand the nature of this problem and the importance of every man working six days in a week and being willing to make some sacrifice in order that we may provide ships, because ships are the prime factor in winning the war. Hence, if the contractors and laborers in cooperation will take a more patriotic viewpoint and be willing to make sacrifices, we may hope to have this program speeded up.

I mentioned the Hog Island shipyard as an example of the waste and extravagance at this time, and I felt it was due to the Shipping Board and the Emergency Fleet Corporation to say that in the first instance this contract was framed by Gen. Goethals when he was the manager of the Emergency Fleet Corporation. Later it came under the jurisdiction of and was revised by Rear Admiral Capps. Every effort was made to so frame that contract as to safeguard the interests of the Government, and when this great contract was let to the American International Corporation, composed as that corporation is of some of the most distinguished men in the country, great financiers, represented in every branch of industry, the board had reason to believe that the contract would be carried out in good faith and that there would be a minimum of waste and extravagance. But waste and extravagance have crept in, and it is not too late for Mr. Frank A. Vanderlip and his associates on the American International Corporation to correct the abuses and save to the country many millions of dollars of waste that seems to be inevitable unless the correction be made. Their patriotism and fidelity to a great cause are challenged by the country, and I hope they will look into conditions, and I also hope that Stone & Webster, one of the greatest contracting firms in the United States, now doing work for the Government in this country and in France, will feel it their duty to scrutinize this work at Philadelphia and, in cooperation with Admiral Bowles, undertake to correct the existing evil and restore to the Government the money that has been squandered by the subsidiary corporation under which these activities are being carried on.

Mr. GILLET. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. Yes.

Mr. GILLET. The gentleman just spoke of Admiral Bowles. Is it true, as I have seen in the newspapers, that there has been a reorganization of the Shipping Board and that Admiral Bowles has been sent over to Philadelphia in charge of this particular work?

Mr. ALEXANDER. Yes; that is true. He has been placed in charge of that work, and he has taken up this pay roll at the Hog Island shipyard and undertaken to find out what men are necessary to the prosecution of that work and eliminate every unnecessary man.

Mr. EDMONDS. Admiral Bowles's headquarters are in Philadelphia, but he is going to take charge of all three Government yards—the one at Newark, the one at Bristol, and the one at Hog Island.

The CHAIRMAN. General debate is closed and under unanimous-consent agreement the House substitute for the Senate bill will be read by paragraphs for amendment under the five-minute rule as an original text. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the United States Shipping Board Emergency Fleet Corporation is hereby authorized and empowered within the limits of the amounts herein authorized—

Mr. BORLAND. Mr. Chairman, I move to strike out the last word. I was not able to secure a few minutes under the general debate to express an idea that I want to express about this bill. We may as well regard these \$50,000,000 as a part of the investment in ships made necessary as a part of the cost of

construction, although, of course, it is reasonable to suppose that there will be a large percentage of salvage from the sale of these houses either during the continuance of the war or afterwards. It really represents a construction camp very much as we had at Panama at the time of the building of the canal, when it was necessary to house about 37,000 men on the Zone to construct suitable quarters for them that were comfortable and clean and sanitary. That is practically the condition that we have confronting us here. This bill, of course, has received the unanimous report of the committee and will be passed with probably not a dissenting vote. It is true also that these ships must be constructed at the seaports or on the tidewater rivers, and the places where they are to be constructed are not subject to very much criticism. But if a general bill comes to this House providing for a general system of housing construction we will have a right to inquire why there is any congestion of labor or shortage of housing facilities at particular industrial centers. The whole Delaware River is lined with munition factories—a very good place, undoubtedly, from many standpoints.

But we must recollect when the officers of the Army were consulted as to the proposed location of Government munition plants and Government powder factories, it was their report that no such plant should be located except between the Alleghenies and the Rockies. They farmed off a zone adjacent to the seacoast which they call the danger zone in which they expressly recommended no munition plant should be placed. Now we find that most of the Government work of all kinds is being done east of the Alleghenies. Now, there has been not only a shortage of labor, there has been not only a shortage of housing, there has been a shortage of fuel, there has been a shortage of food, there has been a congestion of transportation. The element of all these shortages is due to the fact that transportation of fuel, raw material, and food must occur across the Allegheny Mountains. These plants must be supplied in many cases with fuel. They are drawing their labor, they are drawing their raw material, they are drawing their food supplies across the Allegheny Mountains. There is no occasion for that. I want to say that while this bill is absolutely necessary, and not only necessary but haste is imperative because we have already been at war nearly a year, we ought not and can not at this time take up the question of a general housing plan. When we take up the question of a general housing plan we ought to know that we are confronted with a condition of the temporary construction of camps. We are not confronted with that condition of congestion of labor in certain centers which could be and should be and can be avoided.

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment is withdrawn.

Mr. SAUNDERS of Virginia. Mr. Chairman, I move to strike out the last word. Mr. Chairman, what the gentleman from Missouri [Mr. BORLAND] has said is in large part true, but the work contemplated to be done under this bill can not be considered as closely analogous to the Panama Canal construction. That construction was entered upon with full knowledge that there would not be much salvage from the enterprise. The main purpose of that enterprise was to build houses for temporary purposes, but this measure contemplates that in large measure the houses constructed will be permanently used by ship workers. These houses are to be built, or purchased with direct reference to the desires and tastes of the men who are to occupy them. Hence the construction contemplated will be permanent, in large measure, and not temporary, or makeshift. The bill makes every provision for the houses to be constructed in a style that will be acceptable to the men who will occupy them.

Mr. ROBBINS. Will the gentleman yield for a question?

Mr. SAUNDERS of Virginia. Certainly.

Mr. ROBBINS. How could these buildings be permanent when this great emergency exists to build ships and find houses for the men? Is not the very thing we have to do is to build houses quickly for the men in order that they may construct ships speedily?

Mr. SAUNDERS of Virginia. It is certainly true that in many instances these buildings will be acquired for the purpose of temporarily housing the workmen, but the expenditure of the fund proposed is not confined to a scheme of hasty construction. That is not the contemplation of the bill at all, and while in some instances it may be necessary to put up buildings of a temporary character, in other instances buildings are contemplated which, as I said a moment ago, will be of substantial and permanent character. I was just on the point of saying that every provision is made in this bill, to enable the Fleet Corporation to secure the Government against loss, whether it sells, or leases buildings to the shipyard employees.

Mr. BORLAND. Will the gentleman yield?

Mr. SAUNDERS of Virginia. Certainly.

Mr. BORLAND. The gentleman will recall I expressly said there would be a large measure of salvage. But is it not perfectly apparent that if there were private dwellings in existence that could be used by the workmen, or if there were demands for them at all, that demand for private dwellings would be met by private capital and there would be no need for this bill?

Mr. SAUNDERS of Virginia. No—

Mr. BORLAND. The very fact of the existence of this bill shows there is no demand at that particular place for permanent buildings.

Mr. SAUNDERS of Virginia. The gentleman loses sight of some of the essential facts of the situation. This bill gives the Government the power to commandeer. The individual workman has, of course, no such power. He is often confronted with a situation in which the extravagant demands of real estate speculators make it impossible for him either to buy or build. But the Government is not hampered by any such limitation. If in the neighborhood of the shipyards, or of the plants related to the shipyards, in the course of ship construction there are any buildings needed by the Government, it can lay its hands upon them. This bill empowers it to do so. In that way the Government can meet this emergency in a fashion beyond the power of the individual worker. This is the essential difference between the Government, and the individual, in the situation that confronts us.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I take it that what is more necessary than anything else in order to have ships is to corral the men from the various industrial centers of the country where there is labor that can be obtained and bring them to the Atlantic or the Pacific or Lake ports where there are ships to be built. If housing facilities do not exist, then it is necessary to provide houses for them under these pressing conditions, so that they will remain at employment. If this were only a project to provide permanent homes, private capital of its own motion would invest, because there would be families to purchase them, but there is something more desired by this bill to meet the conditions, as I view it, from the testimony and the arguments presented here.

Not only is it proposed to advance money to these large corporations engaged in building ships, like the Bethlehem Steel Co., as I have heard stated it is proposed to advance \$5,000,000 for the purpose of building houses tributary to some shipbuilding plant, but it is also necessary, if we are going to house these thousands of workmen, who are only too willing to go to any place in the country, that there should be some kind of quarters arranged similar to those at Panama, which will be sanitary, where they will find accommodations, so that they will not quit their employment after arrival and launching on their work.

Laborers throughout the country are willing to leave their homes, but they are not willing to leave their homes and live in a condition of serfdom. And one of the two purposes of the bill, as I view it, is to enable the Shipping Board, either directly or through subsidiary corporations, to build temporary quarters similar to those at the Canal. Even if those buildings were destroyed after the emergency has passed, it would be a good investment, because we must have ships, and in order to have ships we must have housing accommodations.

Hog Island is only 9 miles from the City Hall of Philadelphia. Why, if the labor in Philadelphia was plentiful and adapted to build ships it would not be necessary to equip buildings tributary to Hog Island. In Detroit, for instance, some employees working at the Ford Motor Co. travel 10 to 12 miles daily to the plant at Highland Park. Dodge Bros. to-day are erecting, 7 miles from the center of Detroit, a \$50,000,000 plant to manufacture munitions. Immediately there will arise a community there calling for housing and the like, but notwithstanding that the labor will be drawn from all over the city. The problem is transportation, and that is the problem in Philadelphia, provided adequate labor was there. If we are going to make these yards efficient it is necessary to erect quarters that, in some instances, will be temporary and salvaged after the emergency has passed.

There are two purposes, as I view the bill. One is to advance large sums of money to the private ship-contracting company for the building of houses, just as the War Department is advancing it, as in the case of Dodge Bros. and other people, for the erection of plants. Some has been advanced in my own city on the condition that after the emergency is passed the plant will be appraised and the appraised value will be taken over by the private concern.

The other purpose is that if need be, to erect temporary quarters so that the labor that comes from the interior, where it can be obtained, will remain and do the work necessary to build these ships.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I rise to oppose the motion of the gentleman from Wisconsin.

It seems to me that gentlemen are quarreling with somebody a little higher up than anyone on this earth. Their quarrel is with the Almighty. It was the good Lord Himself who located the oceans and the rivers just as they are and who fixed the mountains in their proper places. He did not locate the Atlantic Ocean up along the boundary lines of Wisconsin. That is true. He put Wisconsin up against the Great Lakes, just as He put Illinois against the Great Lakes; and He also erected a few barriers between the Great Lakes and the Atlantic Ocean. He left it to human ingenuity and congressional appropriations to cut out a canal or two from the Great Lakes to the Atlantic Ocean, if ships are to be built so far inland as to be gotten out to the ocean to fight the battles of the United States upon the high seas.

Mr. LENROOT. If the gentleman stays here long enough, does he not think that we will get that canal?

Mr. MOORE of Pennsylvania. Yes. If the gentleman stays by me long enough, we will get a canal connecting Chicago with the Atlantic Ocean.

Mr. FOSS. I would like to ask the gentleman if the States were created before the Lakes? He said the Lord put the Great Lakes up against Wisconsin.

Mr. MOORE of Pennsylvania. The Lakes first, of course. If we would be wise, we would cut a waterway from Chicago to the ocean. Then we could build ships at Chicago.

Mr. MADDEN. Well, the only ship that has been built that has gone to sea, except the one referred to by the gentleman from Washington a few moments ago, was built in Chicago.

Mr. MOORE of Pennsylvania. What was the name of that ship?

Mr. MADDEN. She had a name given to her after she went to sea.

Mr. MOORE of Pennsylvania. What was the draft of the ship?

Mr. MADDEN. She was launched in October.

Mr. MOORE of Pennsylvania. I have asked for the name. I have asked for the draft, and I ask for the beam, but the gentleman does not know. I wish he would produce his witness.

Mr. MADDEN. Does the gentleman doubt my veracity? [Laughter.]

Mr. MOORE of Pennsylvania. Not at all. But I doubt if the gentleman is seamanlike enough to tell the length, the beam, and the draft of this ship.

Mr. MADDEN. I do not assume to be in the shipbuilding business. If I were, I would have to confess my ignorance.

Mr. MOORE of Pennsylvania. The gentleman's maritime information is not confined to the Hennepin Canal.

Mr. MADDEN. Or on account of the fog that is on the intercoastal canal.

Mr. LENROOT. I wish to say to the gentleman from Pennsylvania that we have sent three ships to the ocean, and one of them is the *War Chant*, which has a tonnage of 3,500.

Mr. MOORE of Pennsylvania. But you sent them through an English canal?

Mr. LENROOT. Yes.

Mr. MOORE of Pennsylvania. You sent them through the Welland Canal. You had no American canal, because appropriations have not been voted to create an American watercourse from the Great Lakes to the sea. I wish we had an American waterway. I want to get our ships out that way.

Gentlemen worry about the concentration of population in the East. There is the gentleman from Wisconsin [Mr. STAFFORD]. Like every other good thing, he began in the East. He settled there early. Every vestige of the gentleman's ancestry, to say nothing of his posterity, began in the East. He first saw the light of day there and then passed on west, finally locating in Wisconsin. The gentleman was educated in Philadelphia, along the gracefully sloping banks of the River Delaware. Why, then it was pristine territory, years and years and years ago; in fact, the memory of man runneth not to the contrary when the gentleman from Wisconsin was a resident of Philadelphia and studied law above the banks of the winding Schuylkill, which empties into the noble Delaware.

Mr. MADDEN. But he woke up and left. [Laughter.]

Mr. MOORE of Pennsylvania. Yes; he left, but he has been kicking ever since. The influence of the Delaware since then has grown; it has grown by leaps and bounds, due to the energy of the people living along its banks; it has grown until

Congress finally says, "This is our great commercial river; here shall we gather the men and the materials to build our ships, the ships that shall sustain us in war and the ships that shall carry our commerce in times of peace." That is a natural condition; you can not change it now. [Applause.]

The CHAIRMAN. The Clerk will read.
The Clerk read as follows:

(b) To construct on such land houses and all other necessary or convenient facilities, upon such conditions and at such price as may be determined, and to sell, lease, or exchange such houses, land, and facilities upon such terms and conditions as it may determine.

Mr. LENROOT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. LENROOT: Page 4, line 6, after the word "land," insert the words "for the use of such employees."

Mr. LENROOT. Mr. Chairman, this paragraph that is now pending does not limit the construction of these houses to the use of the employees.

Mr. ALEXANDER. I have no objection to that amendment.

Mr. LENROOT. I was about to state why it is very necessary to make a limit. It is not at all certain, in my judgment, whether we have any right at all to acquire land for the purposes that are named in this bill. In other words, it is a question as to whether it is a public purpose to provide homes for employees of a private shipbuilding company over which the Government has not control, and in connection with which the Government has no relationship except a contractual relationship with the shipbuilding company. We certainly ought to remove any doubt from that question so far as it is possible to do so by making it clear throughout the bill that anything that is authorized in this bill is limited to the use of the employees, and then we shall have to take our chances on its final validity when it gets into the courts, if it ever does.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FESS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Ohio moves to strike out the last word.

Mr. FESS. Mr. Chairman, this delectable rivalry that we had awhile ago between the dwellers on the Great Lakes and those upon the seacoast led me to believe that there might be something in the bill that would forbid the construction of houses anywhere except on the Atlantic seacoast. I have not found that limitation here, and I have been wondering whether I overlooked it. I should think that a bill of this sort ought to permit the construction of the houses wherever the Emergency Fleet Corporation would decide the necessity of housing exists in the locality of a shipyard or where it proposes to build a shipyard.

Mr. SAUNDERS of Virginia. Mr. Chairman, will the gentleman yield?

Mr. FESS. I will.

Mr. SAUNDERS of Virginia. Look on page 6 for the definition of the word "shipyard." The gentleman will find something there broad enough for his widest desires in the respect indicated; a definition of the word "shipyard."

Mr. ROBBINS. Page 6, line 6.

Mr. FESS. I do not find any limitation whatever there.

Mr. SAUNDERS of Virginia. On page 6 in the definition of the word "shipyard," you will find nothing there that limits the activities of the shipyard. It is as wide as your widest aspirations.

Mr. FESS. That is what I thought.

But it was not at that point that I wanted to offer an observation. However, I would say that it would seem to me very wise to build these ships wherever they can be built, whether it be on an inland body of water or on a navigable stream with an outlet to the sea, or whether it would be on the chief bodies of water, because I do not understand that the size of the ship is limited to either a maximum or a minimum. We should build as rapidly as possible. In case the size or capacity of the outlet to the sea will not admit of a great vessel, let a smaller one be built if doing so will expedite the tonnage needs.

What I wanted, however, to say to the committee was in reference to the queries asked and answered a little earlier in the debate on the matter of extravagance. I do not think it is wise to allow the question of extravagance to stand in the way of construction if by so doing we defeat our purpose. I do not believe it is wise either to quibble over the amount to be paid for the raw material that goes into the vessel or the labor necessary to insure shipbuilding. Some time ago, in what now has become a historic controversy, we heard a great deal of discus-

sion over the question whether we were not paying too much for this or that material. One figure in the controversy urged his justification of delay on the ground he had saved money. I think the business of first importance is to build the ships and to stop the quibbling in order that we can build them. By that I do not mean that there should not be common sense exercised, and of course there will be; but the one thing that concerns me is whether these numerous instances of such wretched extravagance as some of us have seen, which are said to be inevitable, can not be rectified or remedied? I mention this because it is creating a very bad spirit in the communities where it is carried on. For example, when we were trying to conserve and were urging the planting of every foot of ground to gardening, and especially to raise wheat, acres upon acres of growing wheat that would ripen very soon were destroyed by order of the authorities because it seemed to be in the way of doing a certain amount of Government work. The wheat was cut with a common mower, raked into windrows, and fire set to it in order to get it of the way for this particular work, when it would have been only a little while until it could have been harvested.

Mr. BORLAND. Would the gentleman mind telling us where that was and what was the Government work?

The CHAIRMAN (Mr. CRISP in the chair). The time of the gentleman has expired.

Mr. GILLET. I ask that the gentleman's time be extended five minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the time of the gentleman from Ohio be extended five minutes. Is there objection?

There was no objection.

Mr. FESS. It is not a secret matter and is not a case that stands alone. I refer specifically to the Wilbur Wright Aviation Field in my district, 5 miles from my home, where every day for a good deal of the time I had opportunity to observe the work.

Mr. BORLAND. I will say to the gentleman that there are a great many places where aviation fields could be laid out where there is no wheat at all. There is no necessity for taking a wheat field for that purpose.

Mr. FESS. That does not answer the question at all. It does not explain what was done. The Wilbur Wright field is the finest in the country and no one can have any complaint of the field. Some may offer the explanation that it would not do to allow growing wheat to stand in the way of expeditious preparation for this aviation field, because aviation is so very important and time is so imperative that we must not lose a week or a day. We must go on with it even if it entails destruction of crops, and most of us sympathize with that proposition, and would not object if it was really necessary, but other items lead me to believe that sufficient caution against waste was never prudently exercised. I will refer to one item: The man who had charge of the agricultural products that they attempted to save there—and he was the mayor of the leading town near by, a high-minded and responsible man—told me, among many other things, that he had a large amount of straw baled, and he had it taken into the barns in order to keep it from destruction by exposure to the weather. One day he found a force of men at work loading up the straw in one of the barns and removing it to the outside. When he said, "I have given no orders for this," and wanted to know why it was done. He was told by one of the men that he had been ordered by the representative of the Government to do it. When he went to the representative of the Government, about all he could get in explanation was, "Well, we have these teams here and they must not be allowed to remain idle." I will let you draw your own conclusions. If it be necessary to keep the teams from being idle, to undo what before has been done and ought to have been done, there is something radically out of order, and the least one can believe is that it presents a very bad situation. This came from a very responsible man, who came over to me at my home and asked me if I would not lay the matter before the Secretary of War. This was but one item of many others mentioned by him in his evidence of needless wastefulness. Now, mark you, there can not be any politics in this, as is so frequently charged whenever anyone not of the President's party calls attention to these things, because my informant is the Democratic mayor of the town, and he wanted to stop that waste, and asked me, in the interest of the public good, if I would not lay it before the Secretary of War. See, he felt convinced that the Secretary did not know about it. I should, in fairness, say I asked him to make for me a memorandum that I might lay it in detail before the Secretary. That has not been done. What I have related is only one incident of what goes on in the way of extravagance in all the building work of the War Department. One of the evil results to follow is it produces such a very bad feeling among the people who witness it.

They demand to know why the Government permits a thing of this kind at the very moment when conservation against waste is our loudest war cry. On that field were hundreds of teams. Many of them could not be worked constantly and thereby prevent loss of labor. Men had finished a certain part of the aviation field—it was built in units, one group working as a group here and another there—and they were not needed longer. To keep them would be wasteful; to let them go would entail some derangement. The contractor generally would let them go. It was necessary for him to lay off men every day after a specific period, but at times was cautioned against it. He told me that he was told by a man in authority, "When you dismiss men hereafter I want you to consult me about it. I want this work to go on uninterrupted and the men should be kept here, so that when the work is done they can all be dismissed and the work turned over to the Government completed."

This naturally was and is the ambition of all responsible Government construction work. The trouble is apparent. These men want results, they want them quick, and the cost seems no element worth consideration. This is the crying danger of all government. It sees no need of economy. It rather chides him who cautions against extravagance. What does the expenditure of a few dollars amount to, anyway? This practice is general to-day and the exigencies of the war are offered as an excuse for it all.

In the case just cited the Government's representative wanted a completed work and the men should be retained until it was accomplished, notwithstanding, my friend said, that many of these people had done their work and there was nothing more for them to do.

Mr. COX. Was this work being performed on a 10 per cent basis?

Mr. FESS. Yes.

Mr. COX. Then that explains it—the more spent the more money for profit.

Mr. FESS. I ought to say that there was a limit in the contract of some of these Government contracts beyond and above which they could not go in the sum total.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FESS. I ask unanimous consent for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FESS. My concern is not hypercritical nor to say mischievous things. My concern is to find out whether there will not be some way that we can stop this palpable waste in order to avoid a very serious spirit being developed among our own people as to the wastefulness of Government procedure.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. FESS. Yes.

Mr. GREEN of Iowa. I will state that at the close of the bill I propose to offer an amendment protecting the contractor through advanced cost and at the same time put a premium not on extra expenditure but on saving instead of waste.

Mr. FESS. I am going to say this in conclusion, that while I opposed most seriously the bill creating the ship-purchasing corporation I opposed it on principle. I did not then, nor do I now, believe in Government ownership and operation if it could be done otherwise. I opposed it on principle, and yet this is war time and ships are the one great need. It is an emergency and this bill ought to be passed at once. The Government is the only agency by which it can be effectively done, and I shall support the bill on that basis. However, the Government should not deter the private yards from their utmost to assist in the program. I am not calling attention to these things other than as suggestions. If what I have seen, and what all of us know can be seen, in Government activities are to be the rule of Government ownership and operation, may God save this country from Government ownership and operation. [Applause.]

Mr. SAUNDERS of Virginia. Mr. Chairman, with reference to the remarks of the gentleman from Ohio I wish to say that whenever you give discretion, or confide large powers to any group of men you always take the chances of faulty administration. It is of course possible that in the administration of the great fund contemplated by this bill, that there may be a measure of waste. Both in the general debate, and later under the five-minute rule, suggestions have been made that something ought to be done to guard against the possibility of extravagance in the expenditure of the housing fund. The committee is ready and waiting to receive any suggestion, or consider any plan that will surround the expenditure of the vast sum proposed, with adequate safeguards against extravagance. The committee however realizes and the Members should realize that it is difficult to clothe an agent with large powers of discretion, for the purposes of securing speedy action, without incurring great danger that the powers confided will be

abused. Under such circumstances there is always a chance, to use an old and homely phrase, that some one will fall down on the job.

Mr. FESS. Is there any way that these contracts might be let and be effectual other than on the additional per cent basis?

Mr. SAUNDERS of Virginia. I suppose there is.

Mr. FESS. Would not that be the best and the better way?

Mr. SAUNDERS of Virginia. If the gentleman thinks that some other and different way, than the plan proposed, will be a better way, then let him submit it in concrete form, and we can thrash it out. If the gentleman has anything better than what is proposed in the bill, the committee has an open mind.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. SAUNDERS of Virginia. Yes.

Mr. GREEN of Iowa. I will say to the gentleman that I have an amendment for that purpose which I think belongs more properly at the conclusion of the bill, where certain restrictions are placed on the operations of the board. My amendment will be in substance to this effect, that whenever any contract is let on the basis of compensation for the contractor, the cost to him, the compensation shall not exceed 105 per cent of that cost, unless there is also a provision that as the cost increases the percentage of profit shall decrease.

That is not stating it as well as I hope it is in the amendment, but this would permit him to have a higher percentage the lower he kept the cost down, and as he increased the cost beyond a reasonable amount, to be agreed on in the first instance, his percentage would decrease.

Mr. SAUNDERS of Virginia. I will say that under conditions, in order to secure speedy action, it is inevitable that chances of wasteful, even at times, prodigal expenditure, must be taken. Speed of execution, is of the essence in the work at home, as it always is in the theater of active hostilities. Given more time, and greater economies can be effected, but in many instances the work to be done is a hurry order. It is for the committee to determine whether, in the interests of a more economical administration, we will surround the discretion of the board with the safeguards which may indeed secure economy, but secure it by deferring the results sought to be secured. Of course in theory we are all agreed in our desire to see the largest measure of results secured in the most economical fashion, in the shortest span of time. Now what is the plan by which all of these desirable ends may be most efficiently secured?

Mr. STAFFORD. Mr. Chairman, I move to strike out the last three words. I wish to direct an inquiry to the chairman of the committee as to the reason for the committee placing authority in the board to exchange these houses that are to be built in addition to the authority for selling and leasing them?

Mr. ALEXANDER. Mr. Chairman, in framing the bill the committee undertook to do so in a way that would give the Emergency Fleet Corporation the same power that an individual should have in order to successfully conduct any business, and it may be desirable at some of these plants to make these exchanges, either of land or of buildings. For that reason we framed the language broad enough to meet any possible condition that may arise. I have no case in mind, but they may arise.

Mr. STAFFORD. Is it the purpose to vest authority in the board to exchange buildings that are constructed by the board for outside property, flat buildings, or any character of property, improved or unimproved, under that authorization?

Mr. ALEXANDER. I do not know what the board will do, but I imagine they would have power to do that if it is desirable.

Mr. STAFFORD. I am only inquiring as to whether they should have that power.

Mr. ALEXANDER. I think they should.

Mr. STAFFORD. I do not wish to restrict them. I can see the need of delegating authority to sell and lease, but whether they should have the power to exchange is doubtful in my mind.

Mr. ALEXANDER. Here is a situation that occurred to me: Say they have built houses under the provisions of the bill, and they may have power to sell these houses to workmen with families. A workman has bought a house, we will say, and it may be that another house would suit him better. He may have a large family. It may be that the house that he occupies would suit another workman better. If we can fix it so that the exchange may be made and the workman satisfied, the corporation should have that power, I think.

Mr. GILLET. Mr. Chairman, as to what the gentleman from Ohio [Mr. FESS] and the gentleman from Virginia [Mr. SAUNDERS] said, I wish to add a word. It seems to me that I can put my finger on one source of this extravagance which is complained of. It may be because I am rather a crank on the notion that Congress ought to keep its grip in some way on these expenditures, but my feeling is that one ground, and

one of the principal grounds for these expenses, is that the appropriations have been made in lump sums and not specifically, and so the board has absolute and uncontrolled authority to do as it pleases. In this bill, at the end, in the very last paragraph, there is an appropriation of \$50,000,000 which goes to the Shipping Board. That, as I read it, is not an appropriation, but only an authorization, but it is an authorization to expend that money out of what they already have. They already have a lump sum of over a billion dollars, if I recollect rightly, at their absolute disposal; and that system, to my mind, inevitably leads to extravagance. The incident which the gentleman from Ohio cited in the aviation field was spent under the lump-sum appropriation of \$640,000,000 which we gave for aviation. I appreciate that in war times we can not proceed upon the same lines as we can in time of peace. It may be necessary for us, and I presume it has been in some cases, to give lump-sum appropriations, but we ought always to keep some congressional superintendence over their expenditure; and if we must give lump-sum appropriations, why should we not have a committee of Congress that would have some scrutiny of the expenditure?

Why was not the other side willing to have a committee on expenditure; not a partisan committee, but a committee that would keep some watch over appropriations. To my mind that is one of the fundamental troubles. There is no committee on expenditures that has any power over the Shipping Board. If they did not already have this large lump-sum appropriation I suppose that this authorization which is made here of \$50,000,000 would not give them the money, and they would have to come before the Committee on Appropriations, and that committee would demand from them some schedule, some facts, some statement upon which they plan to act. Of course, the theory is that we get speed by giving them an unlimited appropriation, but in this instance five months have elapsed since the contract was made with this shipbuilding company at Hog Island, and now after five months they are just waking up to what ought to have been apparent then as a fundamental and primary essential, namely, a place where the workmen may live. And yet they have gone along for five months and now they are just awakening to the fact that they can have shipyards but they can not get any product from them until they get an additional appropriation. And it seems to me an essential, which might have accelerated work and would, at least, check extravagance, that Congress by some committee should keep some guard and control over the expenditure.

The CHAIRMAN. Without objection, the pro forma amendment will be considered as withdrawn.

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none. The Clerk will read.

The Clerk read as follows:

(c) To purchase, lease, requisition, or acquire by condemnation or otherwise any houses or other buildings, together with the land on which the same are erected, or any interest therein, and all necessary and proper fixtures and furnishings therefor; to manage, repair, sell, lease, or exchange such lands, houses, buildings, fixtures, and furnishings upon such terms and conditions as it may determine to carry out the purposes of this act.

Mr. ROBBINS. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I do this in order to answer the question of the gentleman from Virginia who I see has left the Chamber. He asked whether, Mr. Chairman, there was a better way to do this work than the method that is now adopted by the United States Government. Let me suggest that there are three well-known methods by which the large railroad corporations and large constructing corporations perform labor of the kind that is provided for in this bill; the first way is after due advertisement, giving the specifications of the work required—this method may not be applicable here where there is an emergency, although I think it can be used in most all of these contracts—and then to let the work by competitive bids to the lowest bidder who is equipped and experienced and capable of performing such work, and they pay him as the work proceeds, according to the amount of his bid, retaining 10 or 20 per cent as "retained percentage" until the contract is completed. That method has proven satisfactory in large contracts all over the world. The second method is what is known as the force method or "force account." There the railroad company or party desiring work done will pay to the contractor a certain amount or percentage on the wages of the employees, generally 5 per cent of the pay roll monthly. They will also pay in addition to such sum 10 or 15 per cent on the cost of equipment used in the work, which is the tools, shovels, horses, carts, steam shovels, engines, and whatever tools are used on the

job, but the railroad company will keep on the job a timekeeper and checking clerk, or superintendent, and whenever a condition arises such as the gentleman from Ohio pointed out, as existed at the Wright Aviation Field out in the district that he represents, those men who finish their part of the work are immediately dismissed and there is no piling up of the pay roll by keeping idle men on the ground for the sake of increasing the percentage paid to the contractor. This is eliminated, safeguarded, and absolutely prevented. The third way in which great corporations and individuals also carry on their work, of course, is by their own employees under their own direction. Now, why does not the United States Government adopt one of those three methods which have worked so admirably with all the great railroads and all the great construction companies and large individual contractors in the United States? There is no reason why we do not do it, except the carelessness that has crept into our methods here, which has been criticized by the gentleman from Massachusetts, of appropriating lump sums and turning the money over to the contractor to be worked out in his own way and in his own time, without proper supervision upon the part of the United States Government. Let us adopt business methods about these things, and we will economize for the Government and bring about more efficient results. [Applause.]

Mr. LENROOT. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 4, line 12, after the word "buildings," insert "for the use of such employees."

Mr. LENROOT. That is the same amendment as in the previous paragraph, and I take it there is no objection to it.

Mr. ALEXANDER. I call attention to the fact that at the end of the paragraph in lines 17 and 18 we have language to carry out the purpose.

Mr. LENROOT. I understand it.

Mr. ALEXANDER. But I have no objection.

The question was taken and the amendment was agreed to.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word. I wish to ask the gentleman from Missouri if he does not think, in view of the fact that we have had a very strenuous day, and it is now 5 o'clock, and a great many of the Members who have been here all day have a lot of other work to do, it is not about time for the committee to rise.

Mr. ALEXANDER. Could we continue in session for 30 minutes longer?

Mr. MADDEN. Well, I do not think—

Mr. ALEXANDER. I am not sure but we might get through with this bill.

Mr. MADDEN. There is not one chance on earth of getting through it to-day, and I do not think we ought to try to get through.

Mr. ALEXANDER. If we continue in session for 30 minutes longer I will then move to rise.

Mr. MADDEN. There are a number of important amendments proposed to be introduced. The gentleman has the right of way to-morrow, and I wish to offer an amendment to-morrow, which I am not prepared to offer now. I suggest the lack of a quorum.

Mr. ALEXANDER. If there will be no objection to our meeting—

Mr. MADDEN. The gentleman ought to move to rise.

The CHAIRMAN (Mr. CRISP). The Chair will count. The point of no quorum has been made.

Mr. ALEXANDER. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to; and the Speaker having resumed the chair, Mr. SAUNDERS of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (S. 3389) to authorize and empower the United States Shipping Board Emergency Fleet Corporation to purchase, lease, requisition, or otherwise acquire improved or unimproved land, houses, buildings, and for other purposes, and had come to no resolution thereon.

GARABED PATENT.

Mr. SAUNDERS of Virginia. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Virginia rise?

Mr. SAUNDERS of Virginia. Mr. Speaker, I ask unanimous consent to insert in the Record a letter from Mr. Giragossian to the Speaker of the House of Representatives. It is a letter that I think the Members of the House will find of interest. It is short.

Mr. GILLET. What is the question?

Mr. SAUNDERS of Virginia. I ask unanimous consent to extend my remarks and as a part of the same to put in the RECORD a letter from Mr. Giragossian to the Speaker of the House. It is a short letter. I think the Members will find it of interest.

Mr. STAFFORD. Reserving the right to object—

Mr. WALSH. Reserving the right to object, I would like to ask the gentleman from Virginia [Mr. SAUNDERS] if it has to do with the proposed invention of Mr. Giragossian?

Mr. SAUNDERS of Virginia. It has relation to that.

Mr. STAFFORD. Reserving the right to object, what is the general nature of the letter?

Mr. SAUNDERS of Virginia. Why, it is a sort of résumé of the possibilities under it and Mr. Giragossian's rights in respect to the first original invention. It asks no action on the part of the House.

Mr. CAMPBELL of Kansas. The President has already signed the bill?

Mr. SAUNDERS of Virginia. The President has signed the bill.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The letter referred to is as follows:

Hon. CHAMP CLARK,
Speaker of the House of Representatives.

MY DEAR SIR: The passage of House joint resolution 174 by the United States Congress was, as it is, for me a most gratifying and obliging achievement. For that noble action, I am under the impression that it is my first and unnegotiable duty to express the feeling of appreciation and gratitude which my heart fosters toward our Congress, although it is beyond my power to do so adequately. Happily, I am able to justify entirely the confidence reposed in me, and fulfill amply all expectations concerning my work.

I am impatiently anxious for the formation of the authorized commission of scientists who are to examine my invention; but, prior to that, it is indispensable that the question of the originality of my work must be distinctly defined, as it is prescribed in a clause of section 3, viz., "that he is the first and original discoverer or inventor thereof."

Some Members of the Congress gave me assurance that, after the passage of House joint resolution 174, the originality of my work can be legally settled to my satisfaction; therefore I did not persist in my objection to the amendment in the House which comprised the clause in question. Among other leading Congressmen, Hon. Judge H. C. CLAYPOOL, of Ohio, so advised; and I have followed their advice.

Of course we have to read and understand something beneficially different from the literal expression, as undoubtedly will be the purpose of that clause. Otherwise it will be inconsistent with the aim and generous spirit of our Congress and contrary to the laws, practice, and conception of modern time.

It is said that the phonograph existed and was in use in China about 1,000 years ago. The turbine engine was used in Egypt centuries before the Christian era, and some discovered articles indicate plainly that the telephone was used in Egypt in ancient time. The above mentioned and many other things have been patented, and attempts have never been made to revoke any of them on account of some one else being the "first and original" discoverer of them.

In other words, if anyone can rediscover a means to temper copper or to preserve grain seeds for a hundred years or rediscover a process to render iron rustless, as it to-day exists in India, where an iron monument has for centuries remained rustless against the elements, or if anyone can put into practical use any such device, would he be prevented from patenting it, because all these things were known in Egypt or elsewhere?

According to the clause in question, the Government is not bound to protect my interest prior to the establishment of the originality of my work. Therefore it is essential to know how and when the commission has to decide or determine whether or not I am the original discoverer or inventor of the work in question.

Let us assume that after my successful demonstration, another person brought forward and submitted to the same commission an invention entirely identical with mine. How, then, have I to know that this identical invention is not stolen from me in some way, after my disclosure of my secret? It is plain that, in such a case, I would have either to renounce my right and surrender my invention or enter upon a lawsuit. No man can really predict the outcome of that legal contest.

In this connection it is rather significant that no sooner was a unanimously favorable decision reported upon the original resolution, on July 13, 1917, to the House of Representatives by its Committee on Patents than numerous persons came forward claiming that they have some invention which is the same or can do the same thing as I do claim that my work is capable of doing; and I have even been charged by some of them with stealing their inventions, etc.

Undoubtedly some of these claimants are sincere, but they are confused as to the issue, and others are "perpetual-motion" enthusiasts, who, by delusion, consider themselves on the brink of a great success. Therefore they struggle to gain time for the possible realization of their hopes.

And there exist also more numerous insincere claimants who are fond of publicity, and they claim or speak just in the manner of professional fortune tellers. They endeavor to connect to their claims or inventions anything known, as well as any possible fanciful idea, theory, or hypothesis. In doing so they strive to create a legal pretext or at least an opportunity to brag of their prior conception in the matter in the eventuality of my success.

In the face of such confusing circumstances it is well to reiterate once more, as I did before the House Committee on Patents, that I have made a discovery or invention by which unlimited energy can be produced without toil or without expense except for the usual wear and tear of machinery.

Or, in other words, one of my engines, placed on a railroad truck can drive the heaviest train that ever was moved by the most powerful double locomotives.

And my work can propel the most gigantic ship that ever floated on the sea faster than the same was ever driven by a series of powerful steam engines, while my work will operate without any fuel or expense for motive power.

It is hardly necessary to mention that my work can supply freely abundant motive power, heat, and light for every industry, farm, home, etc.

If there are any original discoverers or inventors whose works can produce energy, without equivalent labor or expense, as I do claim, let them come forward. If any man, or one of these claimants, really possesses such a thing, then, I should like to be the first to congratulate him. I would wish him to obtain every possible protection for his work. During the past 25 years my heartrending hardships and miseries for the achievement of my work have altogether destroyed my instinct of jealousy or envy against true inventors or discoverers. Therefore I will not only have no quarrel with them but even I can not stoop, for my own personal interests, to compete against any genuine inventor who has been or is in the service of suffering humanity.

Only my aim and struggle are to obtain a reliable safeguard against professional patent stealers, skilled and legal despoilers of inventors.

In addition to those professional despoilers of inventors, there is a vast and most powerful multitude of diverse composition and elements who are professed and relentless enemies of my work. The naturally merciless and unscrupulous characteristics of these intoxicated victims of envy and avarice make them prone to revenge themselves upon the author of any notable work by frustrating his consequent remuneration and depriving him of any moral credit.

To my deepest regret I am impelled to conclude that there are certain influential concerns or people who would exert every possible effort and despicable means for the prolongation of the war. Therefore they will resent any new factor that may substantially shorten the war, as my work can undoubtedly do. And it is admittedly certain also that many other special interests, as well as egotistic professors and scientists, will resent my work just the same in peace time.

While I am striving to get protection for my interests, the same clause, without necessary modification, surrenders me to the revengeful wrath and fury of those formidable enemies, and it gives a powerful weapon in the hands of their lawyers which they can twist in any manner that may suit their vicious objects.

As regards originality of inventions, it is generally well known and accepted that a person will be legally recognized as the first and original discoverer or inventor of a work if it may be patentable, viz., if the same is not already patented, or if it is not practically in public use.

If the patentee can not exercise his right by putting his work into actual utilization, then by the lapse of time another person may exploit it as his own work.

Thus any fruitless claim for an invention or discovery could not and should not have any legal merit, according to the precedents established in that respect. For example, wireless telegraphy was discovered by Dr. Loomis in this country, and, although it was patented, yet not being in public operation, Marconi had the right and privilege to put it, by some modification, into actual public use in his name and in behalf of his interest. This means that Mr. Marconi has been recognized legally as the first and original discoverer of wireless telegraphy.

On the contrary, there is no record in the past of any device which accomplished anything worth mentioning in the direction of my claim. From the highest scientists to the ordinary schoolboy, the occurrence of anything of this kind has never been known, and by a certain class of scientists also it is considered that the costless-energy problem will never be solved.

Before the House Committee on Appropriations, on January 25, 1918, in answer to a question concerning my work, Dr. S. W. Stratton said:

"Yes; we have had great numbers of those things, but you can never get one to show the apparatus. The moment he does you can show him right away where he is violating some physical law. All we want to do is to see the apparatus, and I venture to say that any \$1,400 laboratory assistant or any physicist in the Bureau of Standards can riddle that thing in a minute; that is, if he could only see it. There is simply nothing to it."

Some other members of the Bureau of Standards also tried hard to induce some Members of the Congress not to support the House joint resolution concerning my work. They pretended, or sincerely intended, to save them from unavoidable ridicule and disgrace which would follow from the inevitable failure of my work. They argued that any hope cherished for the success of producing energy without expense is positively foredoomed to disappointment, for the reason that they assume to know definitely that my claim is contrary to the law of nature.

Prof. W. F. Durand, too expressed more than once that he has the same conviction about my work. If my claim be realized, then he would say "nature reversed herself."

These well-known gentlemen, having occupied great positions in the service of the Government, would not, under any circumstances, express such an opinion of my work if there ever existed such a thing hitherto. Gentlemen in such positions and standing are well conversant and qualified to know of such a thing being in operation. Then, when I demonstrate practically my work and verify my claim beyond any possible cavil, I believe it will be the judgment of Congress, as well as of every intelligent man, that I am entitled to be at least legally recognized as the first and original discoverer or inventor thereof.

Furthermore, ever since last June the papers of the country have given wide publicity to this matter, yet not one of them came forward and reported the operation of such a thing. On the contrary, almost all of them behaved themselves very cautiously, and some of them openly ridiculed my claim, considering it a matter of impossibility.

At the same time I believe there is nothing in the records of the Patent Office of any patent issued to anyone which is practically performing the task that I claim my work is inherently destined to do. Therefore it is inconceivable that our Congress or Government will not in advance recognize my work as the only first and original discovery or invention, if it can fulfill the promised accomplishment.

Then, in the absence of real inventors in question, or if no man can fulfill the desire of our Government and the demand of the country, as well as of all the civilized world, for costless motive power, it is reasonable that I should be recognized in advance as the original inventor of my work, if I can successfully demonstrate it as authorized.

When any inventor applies for a patent, always and invariably the proper official of the Government in that line will search, as his duty, for evidence and decide whether that device is patentable or not. If the invention is patentable that means that the same kind of device is not already patented and is not in public operation or practical use. Then a patentee will be automatically and legally recognized as the first and original discoverer or inventor of the work in question. I sincerely expect that the same practice or rule will be applied to my work also in some different measure.

I wish that the Government and the public as well should be the judicial tribunal to conclude as to the originality of my work prior to the verification of my claim as designed. Thus I expect that the scientific commission's finding will include the originality of the work under the instructions of the Government given beforehand. Then nobody can, at least morally, challenge and charge the commission with partiality, favoritism, etc., in rendering their certificate and thus obscure my achievement.

I can not believe that the spirit of our Congress will tolerate or forgive that I should divulge the secret of my work to any person or commission so long as there exists a legal opportunity by which infringers can drag me into court in order to contest the originality of my work, or so long as there may be the faintest possibility that my work may be the prey of patent sharks, or that infringers may have a legal loophole to pounce upon me and to snatch the fruit of my lifelong struggle.

I am at the disposal of our Government at any time. If I may be commanded to select the authorized commission I am willing to do so when I am notified and given legal, unequivocal, and tangible assurance that I will be recognized as the original discoverer of my work as prescribed above. It is inconceivable that our Congress will tolerate the delay of the advent of this work on account of the fantastic claims or palmist's phraseology of willful obstructors and impostors.

Nor would I myself procrastinate for a single hour, because I realize and admit that the postponement or withholding of this matter from the public, or at least from our Government, is the most heinous offense against our most sacred interests. I realize also that it is unforgivable to delay the advent of this matter and sacrifice it to formality, particularly, etc. Because it is qualified to be a decisive factor to shorten this war, it is undoubtedly a hideous crime against distressed warring nations to quibble on this matter and to become almost hysterically particular about the arrangement for its advent.

Undoubtedly the United States Congress and any personalities interested more or less in this matter will expect to hear at the earliest moment possible about the formation of the authorized commission, its procedure, and verdict. If any delay may happen in this respect it must not be attributed to the lack of my desire to act, but to my failure to receive the requisite assurance from the proper authorities of our Government.

I am going to write instantly in this respect to the Secretary of the Interior. It is my positive belief beyond any shadow of doubt that the Secretary of the Interior will do, as soon as practicable, all in his power for the fulfillment of the requisite legal assurance in question.

I beg, respectfully, that you would kindly submit this memorandum to the attention of our national Representatives, with the conveyance of my hearty appreciation and grateful thanks for their generous attitude concerning my work. I have the honor to remain,

Yours, very respectfully,

GABRIEL T. K. GIRAGOSSIAN.

FEBRUARY 11, 1918.

RELIEF OF MAIL CONTRACTOR.

Mr. BORLAND. Mr. Speaker, I rise to ask if the Chair will recognize me in the absence of the gentleman from Tennessee [Mr. Moon] to ask unanimous consent to take from the Speaker's table the bill S. 3689, and ask for the passage of the same.

The SPEAKER. The gentleman from Missouri [Mr. Borland] asks unanimous consent to take from the Speaker's table—

Mr. GREENE of Massachusetts. Reserving the right to object, I would like to know what the bill is.

Mr. BORLAND. It is a bill, Mr. Speaker, that was passed by the Senate to relieve a mail contractor who has been carrying the screen-wagon service at a loss on account of the fact of having taken the contract some time before the war. And this bill gives the Postmaster General the right to readjust the contract with him so that they can go ahead with the service.

Mr. MADDEN. Reserving the right to object, I wish to say there is a bill under consideration in the committee in which there is a provision authorizing the Postmaster General to inquire into cases similar to the one mentioned in this bill, and to adjust the differences that may appeal to him as worthy of adjustment. And since that bill is pending the result of the consideration by the committee, I object.

Mr. BORLAND. I ask that the gentleman withhold his objection a minute. This bill has passed the Senate, and the passage of it at this time will stop the trouble that will go on from day to day.

The SPEAKER. Does the gentleman from Illinois [Mr. Madden] withdraw his objection?

Mr. MADDEN. No, sir.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p. m.) the House adjourned until to-morrow, Tuesday, February 12, 1918, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill to authorize temporary increased rank and pay for certain officers of the United States Coast Guard while operating as a part of the Navy during the period of the present war (H. Doc. No. 928); to the Committee on Naval Affairs and ordered to be printed.

2. A letter from the Acting Secretary of the Treasury, transmitting copy of a communication from the Acting Secretary of Commerce, submitting a supplemental estimate of appropriation required by the Bureau of Standards for standardizing and designing sugar-testing apparatus, fiscal year 1918 (H. Doc. No. 929); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. MCKENZIE, from the Committee on Military Affairs, to which was referred the resolution (H. J. Res. 228) to provide notification of illness of soldier, reported the same with amendment, accompanied by a report (No. 300), which said resolution and report were referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. PADGETT: A bill (H. R. 9747) to provide temporary increased rank for officers of the United States Coast Guard while operating as a part of the Navy during the period of the present war, and for other purposes; to the Committee on Naval Affairs.

By Mr. DARROW (by request): A bill (H. R. 9748) to regulate the mode of bringing the record and proceedings before the Supreme Court or other reviewing court of the United States in proceedings for obtaining the review of the orders, decrees, and judgments of Federal and State courts; to the Committee on the Judiciary.

By Mr. VAN DYKE: A bill (H. R. 9749) for the purpose of preserving life at sea, and for other purposes; to the Committee on Military Affairs.

By Mr. DYER: A bill (H. R. 9750) to amend sections 10 and 37 of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916; to the Committee on Military Affairs.

By Mr. FERRIS: A bill (H. R. 9751) validating certain applications for and entries of public lands, and for other purposes; to the Committee on the Public Lands.

By Mr. DILLON: A bill (H. R. 9752) to provide for rediscounting of certain county bonds by Federal reserve banks; to the Committee on Banking and Currency.

By Mr. FLOOD: A bill (H. R. 9753) to provide for the maintenance of the United States section of the International High Commission; to the Committee on Foreign Affairs.

By Mr. SULZER: A bill (H. R. 9754) to authorize the incorporation of town of Seward, Alaska, to issue bonds in any sum not exceeding \$25,000 for the purpose of constructing dikes, flumes, and other protection to confine the waters of Lowell Creek within said town; to the Committee on the Territories.

Also, a bill (H. R. 9755) to grant title to the town of Petersburg, Alaska, of lands occupied for school purposes, and for other purposes; to the Committee on the Public Lands.

By Mr. PORTER: Resolution (H. Res. 247) for the investigation of the failure of the War Department to have identification tags on soldiers lost on the *Tuscania*; to the Committee on Military Affairs.

By Mr. DILLON: Joint resolution (H. J. Res. 241) to provide means for making certain Indians more competent in the administration of their affairs; to the Committee on Indian Affairs.

By Mr. KITCHIN: Concurrent resolution (H. Con. Res. 36) to print 500,000 copies of the war excess-profits tax regulations, No. 41; to the Committee on Printing.

Also, concurrent resolution (H. Con. Res. 37) to print 500,000 copies of the income-tax regulations, No. 33; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHANDLER of Oklahoma: A bill (H. R. 9756) granting an increase of pension to William M. Simms; to the Committee on Pensions.

Also, a bill (H. R. 9757) granting an increase of pension to Van Stuart; to the Committee on Invalid Pensions.

By Mr. CLASSON: A bill (H. R. 9758) for the placing of certain names upon the roll of the Menominee Tribe of Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. CONNELLY of Kansas: A bill (H. R. 9759) granting an increase of pension to Simeon D. Chelf; to the Committee on Invalid Pensions.

By Mr. FERRIS: A bill (H. R. 9760) granting a pension to William Leishing; to the Committee on Pensions.

By Mr. McCLINTIC: A bill (H. R. 9761) granting an increase of pension to William T. Leach; to the Committee on Invalid Pensions.

By Mr. McFADDEN: A bill (H. R. 9762) granting an increase of pension to Leon P. Chesley; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 9763) granting an increase of pension to John Megehee; to the Committee on Invalid Pensions.

By Mr. McKINLEY: A bill (H. R. 9764) granting a pension to Eliza Fought; to the Committee on Pensions.

By Mr. MUDD: A bill (H. R. 9765) granting a pension to Fred Hutsler; to the Committee on Pensions.

By Mr. POLK: A bill (H. R. 9766) granting a pension to Mary Vogel; to the Committee on Invalid Pensions.

By Mr. POWERS: A bill (H. R. 9767) granting an increase of pension to Pollard Appleby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9768) granting an increase of pension to Joseph A. Parrett; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 9769) granting a pension to Harriet J. Lawrence; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9770) granting a pension to Ruth R. Herrman; to the Committee on Pensions.

Also, a bill (H. R. 9771) granting an increase of pension to George Dempsey; to the Committee on Invalid Pensions.

By Mr. RUSSELL: A bill (H. R. 9772) granting an increase of pension to William E. Sartin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9773) granting an increase of pension to William D. Bunch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9774) granting a pension to Mary J. McGuire; to the Committee on Invalid Pensions.

By Mr. SELLS: A bill (H. R. 9775) for the relief of the estate of John Stewart, deceased; to the Committee on Claims.

By Mr. SEARS: A bill (H. R. 9776) granting a pension to Ephraim P. Golden; to the Committee on Invalid Pensions.

By Mr. WELTY: A bill (H. R. 9777) granting a pension to Minnie L. Cahill; to the Committee on Pensions.

Also, a bill (H. R. 9778) granting a pension to Ambrose C. Waldsmith; to the Committee on Pensions.

Also, a bill (H. R. 9779) granting an increase of pension to Joseph Wagoner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9780) granting an increase of pension to William F. Howard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9781) granting an increase of pension to William H. Thoms; to the Committee on Invalid Pensions.

By Mr. WHEELER: A bill (H. R. 9782) granting an increase of pension to William H. Mullen; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CLARK of Pennsylvania: Petition of Edward Heuer; M. E. Groat; Hon. M. Liebel, jr.; L. Ray Sedelmeyer; August Wittman; F. E. Pelow; and Bernard Cochran, praying for the passage of House bill 7995, for the preservation of the *Niagara*, Commodore Perry's flagship in the Battle of Lake Erie; to the Committee on Naval Affairs.

By Mr. DALE of New York: Resolution of the Chamber of Commerce of the State of New York, favoring Senator Calder's amendment to House bill 7237; to the Committee on the Post Office and Post Roads.

By Mr. ESCH: Resolutions of the Association of Lithuanian Patriots, asserting the confidence in the administration and asking that the independence of Lithuania be recognized; to the Committee on Foreign Affairs.

Also, petition of Frank S. Becker, Philadelphia, Pa., urging the passage of the Keating bill, House bill 7356, and favoring the creation of a civil-service court of appeals; to the Committee on Appropriations.

Also, memorial of the Baraboo Commercial Association, Baraboo, Wis., favoring House bill 9414, increasing salaries of postal employees; to the Committee on the Post Office and Post Roads.

By Mr. GALLIVAN: Petition of Emmanuel Barnes and 42 other citizens of Massachusetts, urging the passage of the daylight-saving law; to the Committee on Interstate and Foreign Commerce.

By Mr. HILLIARD: Papers in support of House bill 8657, for the relief of Richard A. Schwab; to the Committee on Claims.

Also, papers in support of House bill 8318, granting an increase of pension to James Gallagher; to the Committee on Invalid Pensions.

Also, resolutions adopted by Chamber of Commerce of Grand Junction, Colo., urging that the Colorado Midland and Denver & Rio Grande Railroads be made subject to Government control; to the Committee on Interstate and Foreign Commerce.

Also, resolutions adopted by the Longmont (Colo.) Farmers' Institute, urging that legislation be enacted that will enable the Food Administration to regulate the price paid to growers for sugar beets; to the Committee on Agriculture.

Also, resolutions adopted by the Colorado Springs (Colo.) Chamber of Commerce, indorsing the Walsh-Pittman leasing bill; to the Committee on the Public Lands.

Also, resolutions adopted by Silver State Lodge, No. 30, urging the Congress to refrain from action on legislation designed to place men engaged in transportation service under Federal workmen's compensation; to the Committee on Labor.

Also, letter from F. N. Crocker, of Denver, Colo., urging the passage of House bill 9414; to the Committee on the Post Office and Post Roads.

Also, resolutions adopted by the Pueblo Commerce Club, of Pueblo, Colo., urging the passage of House bills 1654 and 7356; to the Committee on the Post Office and Post Roads.

Also, letter from Leslie E. Hubbard, attorney general of the State of Colorado, indorsing Senate bill 18, providing for a department of education; to the Committee on Education.

Also, resolutions adopted by the Entre Nous Club, of Longmont, Colo., urging the repeal of that section of the war-revenue act providing for increased postage rates on periodicals; to the Committee on Ways and Means.

Also, petition of C. H. Arbenz, of Denver, Colo., urging the admittance of osteopathic physicians to the medical corps of the Army; to the Committee on Military Affairs.

Also, petition of Daughters of Veterans, Department of Colorado and Wyoming, urging that Government aid be extended to blind Veterans of the Civil War; to the Committee on Invalid Pensions.

By Mr. MOORE of Pennsylvania: Resolution of the Jacksonville (Fla.) Chamber of Commerce, urging Government improvement of the Florida Coast Line Canal; to the Committee on Rivers and Harbors.

By Mr. RAKER: Memorial of Mrs. E. A. Fotheringham, secretary, urging the repeal of the zone system; to the Committee on Ways and Means.

Also, resolution of the Mineola Tribe, No. 244, Improved Order of Red Men, urging the elimination of banquets and suppers by fraternal societies of the United States as a means of food conservation; to the Committee on Agriculture.

By Mr. ROGERS: Resolutions of the United Irish Catholic Societies, of Lowell, Mass., pledging loyalty to the President, asking that Ireland may be made politically independent, and thanking Miss Rankin for her efforts in behalf of the Irish; to the Committee on Foreign Affairs.

SENATE.

TUESDAY, February 12, 1918.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we know that our greatest issues are before Thy Court, and that nothing that we can settle in this world will be settled right or settled at all until they are brought into harmony with Thy will, until they express Thy purpose in human government and in human life. So we ask Thee to guide us in the discharge of our most sacred and terrible duties as we face the issues of this day and of the days that are to come. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. JAMES and by unanimous consent, the further reading was dispensed with and the Journal was approved.

Mr. ASHURST. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the merce.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Cummins	Gronna	Jones, N. Mex.
Bankhead	Curtis	Hardwick	Jones, Wash.
Beckham	Dillingham	Henderson	Kellogg
Borah	Fernald	James	Kenyon
Colt	France	Johnson, Cal.	King
Culbertson	Gerry	Johnson, S. Dak.	Kirby